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ABSTRACT

The cost-effectiveness and 3-year impacts of California's Greater Avenues for Independence (GAIN) program, which is a statewide initiative aimed at increasing the employment and self-sufficiency of recipients of Aid to Families with Dependent Children (AFDC), were evaluated by studying follow-up data for 33,000 people from 6 counties who entered GAIN between early 1988 and mid-1990. Sample members were randomly classified as experimentals (people subject to GAIN's participation requirements) or controls (people precluded from the GAIN program but free to seek other services in the community on their own). The employment, earnings, and welfare outcomes of the experimentals and controls were then compared. GAIN produced earnings gains and welfare savings for both single parents and heads of two-parent families. In their third year after orientation, GAIN participants' earnings were 25% higher than the controls' earnings. GAIN substantially increased participation in job search and basic education, and it reduced the proportion of experimentals who were on AFDC during the last quarter of year 3 by 3%. GAIN's impacts varied by county. (Contains 30 references. A total of 154 tables/figures are included in the report and appendixes. Also appended are analyses of the survey responses and AFDC case closure/recidivism.) (MN)

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# GAIN:

## Benefits, Costs, and Three-Year Impacts of a Welfare-to-Work Program

### California's Greater Avenues for Independence Program

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# GAIN:

## Benefits, Costs, and Three-Year Impacts of a Welfare-to-Work Program

### California's Greater Avenues for Independence Program

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with
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Manpower Demonstration
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September 1994

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The Authors

# PREFACE

Nine years ago, California passed major welfare reform legislation, and shortly thereafter the state's Department of Social Services contracted with the Manpower Demonstration Research Corporation to conduct a comprehensive evaluation of the newly created Greater Avenues for Independence (GAIN) Program. This final report is the culmination of eight years of an unusual collaboration between state and local officials responsible for implementing this challenging new initiative and researchers charged with answering questions about the feasibility, impact, cost-effectiveness, and relative success of different county GAIN strategies.

Major rigorous, longitudinal studies such as this one do not just happen. They succeed because very busy program administrators and their staff take a risk in opening their programs to scrutiny and make a multi-year commitment to follow research protocols and provide data. Throughout this study, and despite staff turnover, people in the California Department of Social Services and the research counties sustained a remarkable commitment to learning about the potential of GAIN. Their enthusiasm, probing questions, and unflagging cooperation contributed to what has evolved into a landmark study. When the evaluation began, there was little guidance about the most effective way to implement GAIN's innovative approach. By trying various strategies and working with MDRC to measure their success, the study counties provided a unique laboratory for learning. Our hope is that the evaluation's results provide the state with a solid foundation for improving public policy. They clearly also offer guidance to other states and federal policymakers interested in reforming welfare.

Since the late 1960s, people have sought to change welfare from a cash entitlement to a reciprocal obligation, in which welfare recipients would have to take steps toward work and the government would have to provide new opportunities and supports. GAIN is the nation's largest welfare-to-work program, and its passage in 1985 helped point to the pathbreaking federal legislation under which it operates, the Job Opportunities and Basic Skills Training (JOBS) Program, authorized by the Family Support Act of 1988. GAIN was ambitious in its goals: It sought to reduce dependence and increase self-sufficiency and, to accomplish that, provided comprehensive services emphasizing basic education as well as activities intended to get people quickly into jobs.

There have been enduring questions about the feasibility of implementing a participation requirement and the ability of mandatory programs to change the message of welfare and make it more transitional and work-focused. More recently there have been new questions, growing out of the evidence from the 1980s on the success and limits of low-cost welfare-to-work programs that offered only job search: Would basic education and training increase program effectiveness? Could programs be successful with long-term recipients (including those in inner cities)? What were the trade-offs embodied in different approaches?

This final report provides new information on the longer-term effects of GAIN and, for the first time, information on its cost and cost-effectiveness. The report shows that GAIN can benefit welfare recipients and taxpayers, and points to strategies for increasing program effectiveness. Key findings include the following:

- GAIN can change the basic character of welfare to make it much more work-focused, and in doing so get people jobs, reduce welfare costs, and save taxpayers money.

- GAIN had some notable successes in all six study counties, but results varied considerably. While, overall, GAIN increased single parents' three-year earnings by 22 percent and cut welfare payments by 6 percent, impacts were particularly large in one county, where earnings went up 49 percent and welfare costs fell 15 percent.

- This most successful county (Riverside) set a new standard of achievement, returning taxpayers $2.84 for each $1 invested. While many factors probably contributed to this success and to the county's relatively low average costs, key were a strong and pervasive employment-focused message (including the active use of job developers), a balanced use of basic education and job search, and adequate resources and commitment to extend a serious participation mandate to all GAIN-eligible people on welfare.

- GAIN demonstrated the potential to succeed with a wide range of groups in the welfare population, including very long-term welfare recipients and people in a major inner city (Oakland).

The evaluation showed that GAIN's mixed service strategy – providing basic education and training in addition to job search – could yield better long-term results than had been found for programs that offered mainly job search. However, the finding that services are a necessary but not sufficient condition for success poses a new and critical challenge: to determine whether the techniques that worked so well in the more successful counties can be adapted and used to bring programs throughout the state and nation up to this high standard of performance.

At a time of public cynicism about whether government can deliver, the results show that GAIN can work and be very cost-effective. In the context of the current debate about time-limiting welfare-without-work, GAIN's ability to increase the number of people getting unsubsidized jobs before a time limit would be reached is of great importance and provides a strong rationale for expanded funding for the very hard-pressed JOBS program. But the fact that, despite GAIN's success, many people still remain on welfare and in poverty after several years also reminds us that reducing long-term welfare receipt remains a major challenge that will likely require a mix of strategies.

Judith M. Gueron
President

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# ABBREVIATIONS

| | |
|---|---|
| ABE | Adult Basic Education |
| ADA | Average Daily Attendance |
| AEC | Administrative Expenditure Claim |
| AFDC | Aid to Families with Dependent Children |
| AFDC-FG | Aid to Families with Dependent Children–Family Group |
| AFDC-U | Aid to Families with Dependent Children–Unemployed Parent |
| CASAS | Comprehensive Adult Student Assessment System |
| CDSS | California Department of Social Services |
| CWEP | Community Work Experience Program (West Virginia) |
| EDD | Employment Development Department |
| EDP | Employment Development Plan |
| EITC | Earned Income Tax Credit |
| EPP/EWEP | Employment Preparation Program/Experimental Work Experience Program (San Diego) |
| ESL | English as a Second Language |
| ESP | Employment Services Program (Virginia) |
| GAIN | Greater Avenues for Independence Program |
| GED | General Educational Development certification |
| JOBS | Job Opportunities and Basic Skills Training Program |
| JTPA | Job Training Partnership Act (1982) |
| MDRC | Manpower Demonstration Research Corporation |
| OJT | On-the-job training |
| PREP | Pre-Employment Preparation |
| ROC/Ps | Regional Occupational Centers and Programs |
| SSI | Supplemental Security Income |
| SWIM | Saturation Work Initiative Model (San Diego) |
| TALS | Test of Applied Literacy Skills |
| UI | Unemployment Insurance |
| WIN | Work Incentive Program |

# EXECUTIVE SUMMARY

This report presents the latest findings on the effectiveness of California's Greater Avenues for Independence (GAIN) Program, a statewide initiative aimed at increasing the employment and self-sufficiency of recipients of Aid to Families with Dependent Children (AFDC), the nation's major cash welfare program. Based on three years or more of follow-up data for 33,000 people who entered GAIN between early 1988 and mid-1990, the study examines the program's effects in six counties on employment, earnings, welfare receipt, and other outcomes, as well as findings from a comprehensive benefit-cost analysis. The results are of broad relevance to welfare reform because California has the country's biggest AFDC caseload and GAIN is the largest and one of the most ambitious programs operating under the federal Job Opportunities and Basic Skills Training (JOBS) Program, created by the Family Support Act of 1988. Operating as California's JOBS program since July 1989, GAIN currently accounts for almost 13 percent of federal spending on JOBS. GAIN is overseen by California's Department of Social Services (CDSS) and administered by the 58 counties. This report is part of a multi-year evaluation conducted for CDSS by the Manpower Demonstration Research Corporation (MDRC).

## The Findings in Brief

Each of the 33,000 sample members was assigned at random to either an experimental group (who were subject to GAIN's participation requirements) or a control group (who were precluded from the program but could seek other services in the community on their own). The two groups were tracked over time, and the differences between them (e.g., in earnings and welfare receipt) constitute the effects or "impacts" of GAIN – the difference the program made.

### Single Parents (AFDC-FGs)

*Overall.* Over the entire three-year follow-up period, and across the six counties, GAIN produced increasing earnings impacts for single parents (AFDC-FGs), a group mostly with children age 6 or older when they enrolled in the study. In year 3, average earnings for the experimental group were $636 higher than the control group's average (a 25 percent gain); for the full three years, they were $1,414 higher (a 22 percent gain). (Earnings for each group were averaged over *all* members of each group, including those who did not work as well as those who did.) Moreover, some data point to sustained or still larger earnings impacts in the future. GAIN also continued to produce welfare savings in year 3 at the same level as in year 2. In year 3 and across the six counties, experimentals received an average of $331 less in AFDC payments (an 8 percent reduction) compared to the control group average; the reduction was $961 (6 percent) for the entire three-year period. Longer-term trends suggest a gradual tapering off of these welfare effects in the future.

GAIN also had an effect on the rate of AFDC case closures, but it was not large. Across all six counties, over half of the experimental group was on AFDC in the last quarter of the three-year follow-up period (53 percent, or only 3 percentage points lower than the rate for controls).

*County-Specific.* GAIN's impacts on single parents varied across the six counties in the study. Riverside County, which had unusually large first- and second-year earnings gains and welfare savings, again produced large effects in year 3. Over the three-year period, Riverside increased the experimental group's earnings by an average of $3,113, a 49 percent gain over the control group average. It reduced welfare payments by $1,983, a 15 percent reduction compared to the control group. These impacts were the biggest for any of the six counties, and are greater than those found in previous large-scale experimental studies of state welfare-to-work programs. Riverside also produced large earnings gains and welfare savings for a special sample – single parents with children under the age of 6.

GAIN's three-year impacts on earnings were moderate to large in three of the other five counties: $1,492 in Alameda (a 30 percent increase above the county's control group average), $1,474 in Butte (a 21 percent increase), and $1,772 in San Diego (a 22 percent increase). Tulare produced a moderate impact ($518) in year 3, but its average effect for the full follow-up period was under $400, as was true in Los Angeles. Four of the remaining five counties (all but Tulare) achieved welfare savings for AFDC-FGs for the three-year period, ranging from an average of $782 per experimental in Alameda (a 4 percent reduction compared to the control group average) to $1,136 in San Diego (an 8 percent reduction).

***Benefits and Costs.*** GAIN was a relatively expensive program compared to the simpler and primarily job search welfare-to-work programs of the 1980s. For the single-parent sample in all six counties combined, over a five-year period, county welfare departments were estimated to have spent an average of $2,899 per experimental, about 60 percent of which was for case management functions. In addition, schools and other non-welfare agencies spent $1,515 per experimental to provide education and training instruction as part of the GAIN program, bringing the total cost of GAIN to $4,415 per experimental. Another important cost number is the *net cost* per experimental, which measures the government's net expenditures after adding the cost of education and training activities experimentals entered on their own after leaving GAIN, and then subtracting the cost of services that members of the control group received on their own. The net cost over five years was $3,422 per experimental for the six counties combined, but varied widely by county, from under $2,000 per experimental in Riverside and San Diego to over $5,500 in Alameda and Los Angeles. The higher costs in the latter two counties, which enrolled only long-term welfare recipients into their GAIN programs, reflect, to an important extent, a greater net increase in the use of education and training activities in Alameda and Los Angeles compared to the patterns in other counties.

Net cost estimates are key because they are used in the benefit-cost study to determine whether the program costs or saves taxpayers money. That analysis also assesses whether people in the experimental group are made financially better off by the program. (The benefit-cost analysis does not take into account non-monetary gains or losses.)

When measured earnings gains are compared to welfare reductions and other losses over five years, welfare recipients in five of the six counties (Alameda, Butte, Riverside, San Diego, and Tulare) were, on average, better off financially as a consequence of the GAIN program. Net benefits ranged from $948 per experimental in San Diego to $1,900 per experimental in Riverside, for an overall average of $923 per experimental.

The GAIN program in two counties – Riverside and San Diego – resulted in government budgets coming out ahead. A third county – Butte – produced a "break-even" effect, while the results were negative in the remaining three counties. From the government budget perspective, a positive result means that, on average, for every extra dollar the government invested per experimental (above and beyond the public cost of education and training controls received on their own initiative), it got more than a dollar back in the form of reduced costs for AFDC and other transfer programs and increased tax payments arising from experimentals' increased employment. This return was exceptionally large in Riverside – $2.84 per every net $1 invested. The return was $1.40 per $1 in San Diego, and $1.02 per $1 in Butte, but less than a dollar ($.76) per $1 for all six counties together. It is worth mentioning that return per net dollar invested is a standard of success by which few social programs are assessed.

### Heads of Two-Parent Families (AFDC-Us)

GAIN also produced earnings gains and welfare savings for the heads of two-parent families (AFDC-Us), who make up about 18 percent of all AFDC cases in California. Although the longer-term trends were not as impressive as they were for single parents, GAIN's earnings effects over the full three-year follow-up period were moderate to large in three counties (Butte, Los Angeles, and Riverside, although they were declining over time in Riverside). They were especially large in Butte, reaching $3,295 per experimental. The same three counties also produced moderate to large welfare savings, as did San Diego. GAIN's benefit-cost results for AFDC-Us show a large positive effect from the perspective of welfare recipients solely in Butte, and a modest positive return on the government's investment in Butte ($1.22 per net $1 invested) and Riverside ($1.61 per net $1 invested).

In sum, the results of this evaluation show that the GAIN program can work, especially for single parents on welfare, who account for about 82 percent of California's welfare caseload. For that group, both welfare recipients and the government budget came out ahead in two counties as a result of GAIN, with one county (Riverside) producing the most impressive results yet observed for a large-scale welfare-to-work program. Of the remaining four counties, three made welfare recipients better off, but without producing net budgetary savings (although the government essentially "broke even" in one). An important open question is whether some of the implementation approaches of the better-performing counties, especially those of Riverside, can be adapted by other localities and produce similarly impressive results.

## The GAIN Program Model

A key feature of GAIN, which distinguishes it from most other welfare-to-work and JOBS programs, is the way it uses educational and basic skills levels to sort registrants into one of two service streams. Those who do not have a high school diploma (or a General Educational Development certificate – a GED) or fail to achieve predetermined scores on both parts of a math and reading test or are not proficient in English are deemed by GAIN to be "in need of basic education." These individuals can choose to attend a basic education class – Adult Basic Education (ABE), GED preparation, or English as a Second Language (ESL) instruction – or a job search activity first, but if they choose job search and fail to obtain employment, they must then enter basic education. Registrants judged "*not* in need of basic education" – those who pass both parts of the math and reading test and possess a high school diploma (or a GED) – usually must participate in job search first. Registrants already enrolled in education and training programs when they enter GAIN may continue in those activities if the activities meet certain criteria (e.g., they must prepare registrants for occupations in need of workers in the local labor market, and registrants must be able to complete the training within two years after enrolling in GAIN). Participants in any of these three sequences who do not find employment after completing their initial activities undergo an employability assessment designed to help them choose their next activity, e.g., skills training, vocationally oriented post-secondary education, on-the-job training, or unpaid work experience. Any GAIN registrant, who, without "good cause," fails to participate in GAIN's orientation and services may incur a "sanction," i.e., a reduction of the welfare grant. (The grant level in California is one of the nation's highest.)

## The GAIN Evaluation

The six counties selected to participate in the study of GAIN's impacts capture a wide variety of local conditions and population characteristics account for more than one-third of the state's GAIN caseload and more than one-half of its AFDC caseload. Three counties are in southern California: *Los Angeles*, with about one-third of the state's caseload and a welfare population larger than all but a few states'; *San Diego*, with the state's second-largest caseload; and *Riverside*, a county encompassing both urban and rural areas. Two counties are in northern California: *Alameda*, an urban county that includes the City of Oakland, and, further north, the county of *Butte*, which had the smallest population of the six counties. *Tulare* is located in the largely agricultural, rural Central Valley. (Table 11, at the end of this summary, presents a brief profile of each county.)

It is important to stress that this report's descriptions of the counties' strategies for implementing GAIN are based on information collected no later than mid-1991, and prior to that in most cases. This is the relevant information for describing the research sample's actual experiences in GAIN. However, some of the information does not portray the counties *current* modes of operating GAIN. All of the counties have continued to revise their implementation strategies as they have acquired more experience in operating this very complex welfare-to-work initiative, and in response to changes in funding and other circumstances.

The findings on GAIN's implementation, effectiveness, and benefits and costs come from a study of 33,000 applicants for and recipients of AFDC whose participation in GAIN was mandatory, i.e., a condition for receiving their full welfare grant. This group included single heads of families (AFDC-FGs, who are usually mothers) mostly with children age 6 or older, and all heads of two-parent families (AFDC-Us, typically fathers). (It is important to note that almost one-third of Alameda's sample consisted of single parents with children younger than age 6.)

During the period in which members of the research sample enrolled in GAIN and thus became part of the study (March 1988 to June 1990), four of the six counties had sufficient resources to enroll all registrants in their caseloads who were mandatory for GAIN under the pre-JOBS rules. The other counties – Alameda and Los Angeles – focused exclusively on long-term recipients, in conformity with GAIN's rules in cases where resources did not permit serving all those required to participate.

To determine the effects of GAIN, mandatory registrants who attended an orientation to the program were randomly assigned to either an experimental group (who were subject to GAIN's participation mandate) or a control group (who were precluded from GAIN but could seek other services in the community). Random assignment assured that the two groups did not differ systematically on measured and unmeasured background characteristics when they entered the study, and that any differences in their subsequent labor market and welfare experiences could be attributed with confidence to the GAIN program. The two groups' employment rates, average earnings, average AFDC payments, and other outcomes were compared over the course of the follow-up period, and the differences between them are referred to as the estimated "impacts" of GAIN. The data used in this study came from a variety of sources, including automated employment, earnings, and welfare records for the full 33,000-person sample, a registrant survey administered two to three years after orientation to a subsample of experimentals and controls in five counties (excluding Butte because of the evaluation's limited survey budget), and program participation and fiscal information obtained from the counties and various state agencies.

## Findings on Program Implementation

- **The six counties made different decisions about how much to emphasize quick entry into the labor market versus the longer and more expensive process of building registrants' human capital through education and training.**

Not surprisingly, given California's state-supervised but county-operated welfare system, and the absence of evidence when GAIN started as to what strategies would work best, the six counties varied in how they sought to prepare registrants for employment. Viewing almost any job as a positive first step, with advancement to come by acquiring a work history and learning skills on the job, Riverside's staff placed much more emphasis on moving registrants into the labor market quickly than did the staff in any other county. Most distinctive was Riverside's attempt to communicate a strong "message" to all registrants (even those in education and training activities), at all stages of the program, that employment was central, that it should be sought expeditiously, and that opportunities to obtain low-paying jobs should not be turned down. The county's management underscored this message by establishing job placement standards as one of several criteria for assessing staff performance, while at the same time attempting to secure the participation of all mandatory registrants. In addition, the county instituted a strong job development component to assist recipients in gaining access to job opportunities.

Alameda illustrates a very different approach. Its GAIN managers and staff believed strongly in "human capital" development – the use of education and training as a path to getting jobs that offer a better chance to get off or stay off welfare. Within the overall constraints imposed by the GAIN model's service sequences, Alameda's staff encouraged registrants to be selective about the jobs they accepted and to take advantage of GAIN's education and training to prepare for higher-paying jobs. Butte, Los Angeles, San Diego, and Tulare took approaches falling between those of Riverside and Alameda, but closer to Alameda's than to Riverside's.

- **All six counties successfully communicated to registrants that the participation requirement was real and would be enforced, although the counties varied in the extent to which they relied on GAIN's formal penalty process.**

Over 90 percent of experimentals said on the registrant survey that they believed it was "likely" or "very likely" that their AFDC grants would be reduced if they were assigned to a GAIN activity but did not go. Casefile records showed that up to about 6 percent of experimentals (in Los Angeles and Riverside) were sanctioned within the first 11 months after GAIN orientation, although self-reported information from the survey and interviews with GAIN staff suggest that the rates rose over time in all the counties. Evidence also suggests that case managers in Los Angeles and Riverside were quickest to invoke the "threat" of sanctioning in response to noncompliance. About half to three-quarters of survey respondents believed the participation mandate to be "fair" and "a good idea," and only about one-quarter of respondents in both the experimental and control groups agreed with the statement, "Making welfare mothers work if they don't want to is bad for their children."

## Impacts on Participation in Employment-Related Activities for AFDC-FGs

An important measure of the GAIN intervention, a major determinant of its net costs, and a potentially key influence on its impacts is the extent to which experimentals had different participation patterns than controls.

To determine GAIN's effect on experimentals' use of employment-related activities, the evaluation compared experimentals' rates and duration of participation in all such activities (including GAIN and post-GAIN participation) with the amount of participation in non-GAIN activities by the control group. The difference in the amount of participation represents the "impact" of GAIN, which tells how much experimentals' participation *changed* compared to what it would have been in the absence of GAIN.

- **A sizable number of controls used non-GAIN employment-related activities, usually vocational training and post-secondary education.**

Few controls (4 percent) participated in job search activities, which, in comparison to opportunities for education and training, are not widely available in the community. Moreover, few (8 percent) participated in basic education classes (for ABE, GED, and ESL instruction). Although more widely available, basic education may have been of less interest to controls than occupational skills training (nor was it generally needed by those who already had a high school diploma or GED). Only a handful of controls took part in unpaid work experience and on-the-job training (OJT) assignments. In contrast, a full 23 percent participated in vocational training or post-secondary education.

- **The GAIN program substantially increased experimentals' participation in job search and basic education.**

Given that the GAIN model requires most participants to enter upfront job search or basic education as their initial GAIN activity, it is not surprising that GAIN's largest impacts were on the use of these two activities. Across all six counties, 29 percent of experimentals participated in job search compared to only 4 percent of controls, for a difference of 25 percentage points. Similarly, GAIN increased experimentals' participation in ABE, GED, and ESL activities (taken together) by 28 percentage points. The program had little overall impact (3.3 percentage points) on the percentage who participated in vocational training or post-secondary education, although, as discussed later in this summary, it did in some counties (especially Alameda) for registrants determined not to need basic education. Few experimentals took part in unpaid work experience (PREP) or OJT. (More recently, the use of PREP has increased in several counties.)

## Impacts on Employment, Earnings, and Welfare Outcomes for AFDC-FGs

### Impacts on Earnings and Welfare Payments

- **GAIN increased the average earnings of experimentals by 25 percent in the third year after orientation, continuing its trend of progressively stronger earnings effects over time. It reduced experimentals' average AFDC payments by 8 percent, a result that reflected a leveling off of GAIN's impacts on this measure.**

The average earnings for *all* experimentals and *all* controls were calculated for the full sample, including people who did not work (and whose earnings were counted as zero). Averaged across the six counties, with each county given equal weight, earnings for AFDC-FGs in the third year (as shown in official automated earnings records) were $3,159 per experimental group member and $2,523 per control group member. This yields an earnings gain, or impact, of $636 per experimental (or 25 percent of the average control group member's earnings), as shown in the "all counties" section of Table 1. (This, again, is an average that includes sample members who did not work at all; those who worked benefited more than this $636 suggests.) Welfare savings were $331 per experimental in year 3 (i.e., AFDC payments were 8 percent lower than the average payments of $4,163 for controls). As indicated by the asterisks for the "all counties" rows in Table 1, these results were statistically significant, meaning that one can have greater confidence that they were due to the program rather than to statistical chance.[1] The earnings impacts compare favorably with the three-year results for simpler (mostly job search) programs studied previously, and the AFDC impacts compare very favorably.

Over the entire three-year follow-up period, GAIN's earnings impacts grew progressively larger. Averaged across the six counties, with each county given equal weight, the program's impact on earnings nearly doubled between the first and second years of follow-up and rose by another 24 percent between the second and third follow-up years, reaching $1,414 per experimental for the entire period. (See Table 1 and Figure 1A.) An analysis of GAIN's effects for an early cohort of sample members (i.e., those who entered the study early on and for whom more quarters of follow-up are available) points toward sustained or still larger earning impacts after the third year.

GAIN's effects on AFDC payments leveled off in year 3, but totaled $961 for the full three-year period. (See Table 1 and Figure 1B.) After having grown by about 23 percent between years 1 and 2, they were about the same in year 3 as in year 2. Longer-term trends for the early cohort suggest a gradual tapering off of these welfare effects in the future.

- **GAIN's impacts varied by county. One county (Riverside) had large earnings gains and welfare savings in all three follow-up years. Three counties (Alameda, Butte, and San Diego) had more moderate earnings gains and welfare savings. Of the two remaining counties, one (Los Angeles) achieved welfare savings but with little effect on earnings gains, while the other (Tulare) produced earnings gains but with little effect on welfare payments.**

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[1] Some of the year 1 and year 2 numbers in this and other tables differ slightly from those reported earlier because they were recalculated using updated earnings and AFDC data.

## TABLE 1

## GAIN's THREE-YEAR IMPACTS ON EARNINGS AND AFDC PAYMENTS FOR AFDC-FGs (SINGLE PARENTS)

| | Average Total Earnings | | | | Average Total AFDC Payments | | | |
|---|---|---|---|---|---|---|---|---|
| County | Experimentals ($) | Controls ($) | Difference ($) | Percentage Change | Experimentals ($) | Controls ($) | Difference ($) | Percentage Change |
| **Alameda** | | | | | | | | |
| Year 1 | 1421 | 1212 | 209 | 17% | 6916 | 7066 | −150 | −2% |
| Year 2 | 2132 | 1624 | 508 * | 31% | 5816 | 6077 | −261 | −4% |
| Year 3 | 2880 | 2105 | 774 ** | 37% | 4861 | 5232 | −371 ** | −7% |
| Total | 6432 | 4941 | 1492 ** | 30% | 17593 | 18375 | −782 * | −4% |
| **Butte** | | | | | | | | |
| Year 1 | 2001 | 1729 | 272 | 16% | 5132 | 5486 | −353 * | −6% |
| Year 2 | 2998 | 2442 | 556 | 23% | 3715 | 4048 | −333 | −8% |
| Year 3 | 3638 | 2992 | 647 | 22% | 2812 | 3101 | −290 | −9% |
| Total | 8637 | 7163 | 1474 | 21% | 11659 | 12635 | −976 | −8% |
| **Los Angeles** | | | | | | | | |
| Year 1 | 1304 | 1308 | −4 | −0% | 6874 | 7202 | −328 *** | −5% |
| Year 2 | 1699 | 1589 | 110 | 7% | 5711 | 6111 | −401 *** | −7% |
| Year 3 | 1939 | 1786 | 153 | 9% | 4729 | 5006 | −277 ** | −6% |
| Total | 4943 | 4683 | 260 | 6% | 17314 | 18319 | −1005 *** | −5% |
| **Riverside** | | | | | | | | |
| Year 1 | 2470 | 1550 | 920 *** | 59% | 4962 | 5658 | −695 *** | −12% |
| Year 2 | 3416 | 2233 | 1183 *** | 53% | 3458 | 4161 | −703 *** | −17% |
| Year 3 | 3562 | 2552 | 1010 *** | 40% | 2864 | 3448 | −584 *** | −17% |
| Total | 9448 | 6335 | 3113 *** | 49% | 11284 | 13267 | −1983 *** | −15% |
| **San Diego** | | | | | | | | |
| Year 1 | 2462 | 2113 | 349 ** | 17% | 5529 | 5832 | −302 *** | −5% |
| Year 2 | 3503 | 2794 | 709 *** | 25% | 4199 | 4679 | −480 *** | −10% |
| Year 3 | 3821 | 3108 | 713 *** | 23% | 3555 | 3908 | −353 *** | −9% |
| Total | 9786 | 8014 | 1772 *** | 22% | 13283 | 14419 | −1136 *** | −8% |
| **Tulare** | | | | | | | | |
| Year 1 | 1792 | 1941 | −149 | −8% | 6363 | 6231 | 132 | 2% |
| Year 2 | 2536 | 2531 | 5 | 0% | 5118 | 5023 | 95 | 2% |
| Year 3 | 3111 | 2594 | 518 ** | 20% | 4171 | 4284 | −113 | −3% |
| Total | 7439 | 7066 | 374 | 5% | 15653 | 15538 | 114 | 1% |
| **All counties (a)** | | | | | | | | |
| Year 1 | 1908 | 1642 | 266 *** | 16% | 5963 | 6246 | −283 *** | −5% |
| Year 2 | 2714 | 2202 | 512 *** | 23% | 4669 | 5017 | −347 *** | −7% |
| Year 3 | 3159 | 2523 | 636 *** | 25% | 3832 | 4163 | −331 *** | −8% |
| Total | 7781 | 6367 | 1414 *** | 22% | 14464 | 15426 | −961 *** | −6% |

NOTES: Dollar averages for each year include zero values for sample members who were not employed or did not receive welfare during that year.
Statistical significance levels are indicated as *** = 1 percent (the highest level);** = 5 percent; * = 10 percent.
(a) In the all-county averages, the results for each county are weighted equally.

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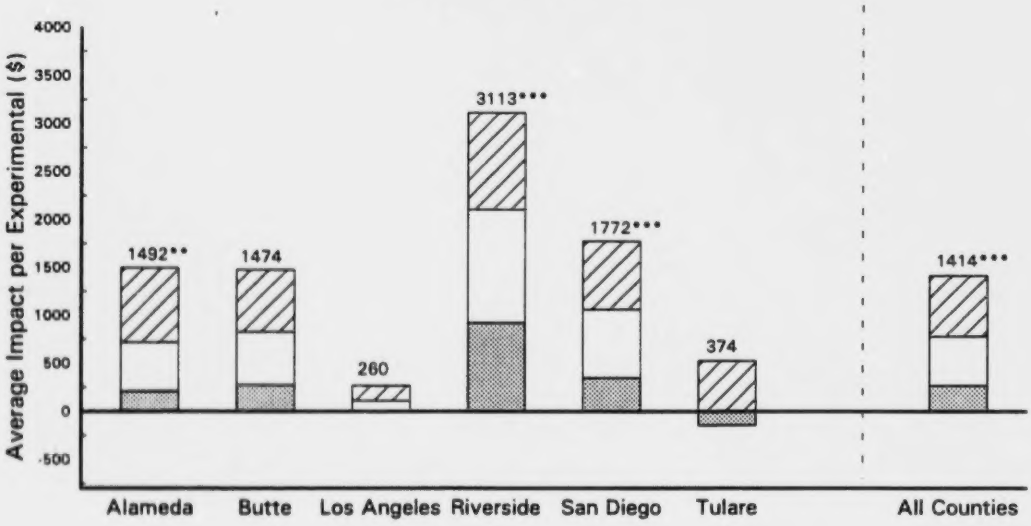
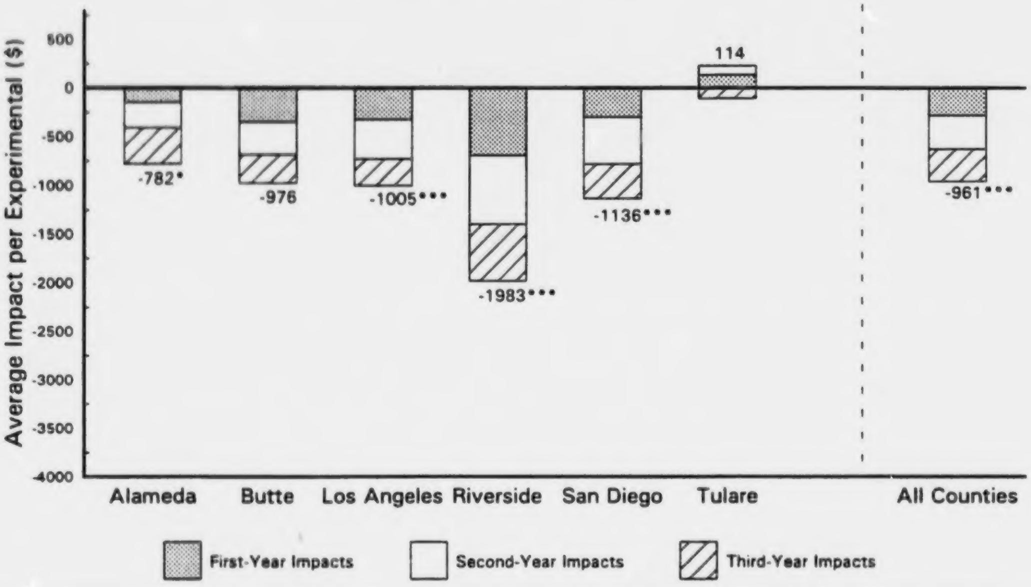
## FIGURE 1

## GAIN's THREE-YEAR IMPACTS ON EARNINGS AND AFDC PAYMENTS FOR AFDC-FG REGISTRANTS

A. Impacts on Earnings



B. Impacts on AFDC Payments



NOTE: Statistical significance levels are indicated as *** = 1 percent (the highest level); ** = 5 percent; * = 10 percent.

Riverside, which had unusually large first- and second-year earnings gains and welfare savings, also produced large third-year effects on AFDC-FGs. (See Table 1 and Figure 1.) Over the entire three-year period, the experimental group's earnings in Riverside were $3,113 higher, on average, than the control group's earnings, an increase of 49 percent. Their welfare payments were $1,983 lower, a 15 percent reduction compared to the control group. These impacts were the largest in any of the six counties, and are larger than those found in previous large-scale experimental studies of state welfare-to-work programs. They are notable as much for their consistency as for their magnitude: Riverside had statistically significant earnings gains for many key subgroups of the single-parent research sample, and these gains were almost always accompanied by welfare savings. Such a consistent pattern was not found in any other county.

Among the other five counties, three (Alameda, Butte, and San Diego) had middle-level three-year earnings impacts ($1,474 to $1,772 per experimental, or 21 to 30 percent above the control group average). Also of note was the $518 earnings impact in year 3 for Tulare, where positive and statistically significant effects were observed for the first time. Four of these five counties (Tulare was the exception) achieved moderate welfare savings (ranging from $782 per experimental over the three years to $1,136, or a 4 to 8 percent reduction). (The three-year earnings and welfare impacts in Butte were not statistically significant, possibly owing to the small control group sample size there.)

In Los Angeles, the finding that GAIN produced welfare savings but had little effect on earnings ($260, and not statistically significant) may have resulted from GAIN's producing an increase in the rate of employment, but in jobs that were low-paying, of short duration, or both. The welfare savings may also partly reflect the influence of financial sanctions (grant reductions) for noncompliance with GAIN's participation mandate and any effect the mandate may have had in increasing or hastening case closures among experimentals who were working "off the books." It is also worth noting that although the earnings impact in Los Angeles was small overall, this was not true in all five of the county's GAIN offices. The two offices located outside of central-city areas produced three-year earnings impacts exceeding $2,100 per experimental (an effect that was statistically significant in one office). None of the other offices, all of which were in central-city locations, produced an earnings gain.

In Riverside, each of the four local offices operating GAIN in the four economically diverse regions of that county produced large and statistically significant earnings gains and welfare savings. San Diego also had consistently positive results (though not always statistically significant) across most of its local offices, but Tulare did not. (Alameda and Butte each had only one GAIN office.)

All in all, the evidence of impacts across the six counties shows that GAIN can produce earnings gains, welfare savings, or both within a three-year period, even when it is operated in very different ways and under different circumstances. This is an encouraging finding because local conditions will always vary across counties and because some variation in key implementation practices is inevitable.

### Impacts on Employment Rates, Earnings Levels, and Job Quality

- **GAIN increased the proportion of experimentals who were ever employed in year 3 by 6 percentage points above the control group rate. At the same time, a majority of experimentals as well as controls did not work at all during that year.**

For the six counties combined, automated official records show that 40 percent of experimentals had worked at some time during year 3 compared to 34 percent of controls, resulting in a statistically significant difference of 6 percentage points (see Table 2). A similar impact is found when the proportions of experimentals and controls ever employed over the entire three-year period are compared (57 percent versus 51 percent, respectively). GAIN's impact on the rate of employment was largest in Riverside, where it exceeded 9 percentage points in year 3 and almost 14 percentage points over the full follow-up period. Despite this accomplishment, the data in Table 2 imply that, across the six counties, about two-thirds of experimentals and controls did *not* work during year 3, and almost half never worked during the entire three-year period. In response to a question on the registrant survey in four counties (Alameda, Riverside, San Diego, and Tulare), about 60 percent of experimentals who were not working at the time of the interview said that they were not looking for work. Of that group, 28 percent cited their own ill health or disability as the most important reason, 4 percent cited the ill health or disability of their children, and 22 percent said that they were in a school or training program. Only 4 percent said that the main reason they were not looking for work was that they could not afford or arrange for child care (perhaps in part because the study sample was composed largely of women with no preschool-age children), although 10 percent said that their major reason was that they wanted to stay home with their children.

Of those who had never worked during the survey follow-up period, only 34 percent said that they had heard of the Earned Income Tax Credit (EITC), a federal tax credit for low-income workers intended to enhance the financial payoff from working. Of those who had worked, 54 percent said that they had heard of it.

- **Riverside and San Diego produced earnings gains mostly by increasing the rate and duration of employment, while Alameda and Butte produced about half their earnings gains by increasing the amount of money earned per quarter of employment.**

In Riverside and, to a lesser extent in San Diego, GAIN appears to have produced earnings impacts because experimentals had higher employment rates and more quarters of employment, but the jobs they held paid about as much, on average, as the jobs held by controls. In Alameda and Butte, in contrast, approximately half the earnings gains were associated with increased earnings per quarter of employment for experimentals, implying that, on average, experimentals who worked held better jobs than controls who worked.

These differences across the counties are also reflected in the characteristics of the most recent jobs reported on the registrant survey by experimentals and controls who had worked at some time during the two- to three-year follow-up period. In Riverside, similar proportions of *employed experimentals* and *employed controls* (64 percent) had worked full-time (i.e., 30 hours a week or more) in their most recent job, and average weekly wages were somewhat lower for all workers in the experimental group ($191 per week) than for all workers in the control group ($206). In contrast, employed experimentals in Alameda got jobs providing more hours of work per week than the jobs obtained by employed controls (e.g., 59 percent versus 55 percent, respectively, were full-time), and higher weekly wages for those working ($209 versus $167).

It is also of interest that approximately 28 percent of employed experimentals in the four counties had jobs providing health care coverage. Among controls, the rate was 25 percent.

## TABLE 2

## GAIN's THREE-YEAR IMPACTS ON RATES OF EMPLOYMENT AND WELFARE CASE CLOSURES FOR AFDC-FGs (SINGLE PARENTS)

| County and Year | Ever Employed in the Specified Year | | | On AFDC in the Last Quarter of the Specified Year | | |
|---|---|---|---|---|---|---|
| | Experimentals (%) | Controls (%) | Difference | Experimentals (%) | Controls (%) | Difference |
| **Alameda** | | | | | | |
| Year 1 | 30.1 | 27.3 | 2.8 | 86.0 | 89.2 | −3.2 * |
| Year 2 | 32.8 | 26.3 | 6.5 *** | 76.6 | 77.1 | −0.5 |
| Year 3 | 33.9 | 26.7 | 7.2 *** | 67.5 | 70.6 | −3.1 |
| Total | 48.8 | 40.8 | 8.0 *** | n/a | n/a | n/a |
| **Butte** | | | | | | |
| Year 1 | 42.3 | 45.6 | −3.3 | 65.0 | 68.4 | −3.4 |
| Year 2 | 46.3 | 42.2 | 4.0 | 49.4 | 47.7 | 1.7 |
| Year 3 | 46.7 | 42.5 | 4.3 | 39.7 | 41.0 | −1.3 |
| Total | 63.4 | 63.7 | −0.2 | n/a | n/a | n/a |
| **Los Angeles** | | | | | | |
| Year 1 | 27.0 | 24.9 | 2.1 | 84.8 | 87.9 | −3.1 *** |
| Year 2 | 26.9 | 22.9 | 4.0 *** | 74.0 | 76.3 | −2.3 |
| Year 3 | 26.0 | 22.4 | 3.6 *** | 63.8 | 67.5 | −3.7 ** |
| Total | 39.4 | 34.9 | 4.5 *** | n/a | n/a | n/a |
| **Riverside** | | | | | | |
| Year 1 | 52.1 | 34.0 | 18.0 *** | 58.7 | 65.9 | −7.2 *** |
| Year 2 | 49.4 | 35.4 | 14.0 *** | 46.6 | 52.0 | −5.4 *** |
| Year 3 | 44.5 | 35.2 | 9.3 *** | 40.6 | 45.8 | −5.2 *** |
| Total | 67.1 | 53.4 | 13.6 *** | n/a | n/a | n/a |
| **San Diego** | | | | | | |
| Year 1 | 46.0 | 40.0 | 6.0 *** | 69.1 | 72.1 | −3.1 ** |
| Year 2 | 45.8 | 40.8 | 5.1 *** | 56.0 | 61.1 | −5.1 *** |
| Year 3 | 42.5 | 37.3 | 5.2 *** | 49.0 | 51.9 | −3.0 * |
| Total | 62.2 | 56.5 | 5.7 *** | n/a | n/a | n/a |
| **Tulare** | | | | | | |
| Year 1 | 39.9 | 40.9 | −1.0 | 76.7 | 75.0 | 1.7 |
| Year 2 | 41.8 | 42.3 | −0.5 | 65.4 | 62.2 | 3.1 |
| Year 3 | 43.9 | 38.0 | 5.8 *** | 54.5 | 56.2 | −1.7 |
| Total | 59.5 | 55.3 | 4.2 ** | n/a | n/a | n/a |
| **All counties (a)** | | | | | | |
| Year 1 | 39.6 | 35.5 | 4.1 *** | 73.4 | 76.4 | −3.1 *** |
| Year 2 | 40.5 | 35.0 | 5.5 *** | 61.3 | 62.7 | −1.4 |
| Year 3 | 39.6 | 33.7 | 5.9 *** | 52.5 | 55.5 | −3.0 *** |
| Total | 56.7 | 50.8 | 6.0 *** | n/a | n/a | n/a |

NOTES: The totals indicate the proportion of sample members who were ever employed at any time during the three years of follow-up. Totals are not applicable (n/a) in the AFDC panel of the table.

Statistical significance levels are indicated as *** = 1 percent (the highest level); ** = 5 percent; * = 10 percent.

(a) In the all-county averages, the results for each county are weighted equally.

- **GAIN increased the proportion of experimentals who had more substantial earnings.**

Table 3 shows that, for all six counties combined, about 20 percent of experimentals earned *at least* $5,000 in year 3 compared to 16 percent of controls, for an impact of almost 4 percentage points; 12 percent of experimentals, compared to 9 percent of controls, earned at least $10,000 – an amount of money that exceeds the poverty line for a single parent with one child.

Another way to view earnings levels is to consider what proportion of *workers*, rather than all experimentals or all controls, earned above certain thresholds. Although experimental-control differences on such a measure are not true estimates of GAIN's impacts (since the background characteristics of those who found jobs in each group may not have been equivalent), they illustrate that many of those who did find work had more substantial earnings. For example, for all six counties combined, about 31 percent of all *employed experimentals* earned above $10,000 in year 3. Among *employed controls*, the rate was 27 percent.

- **GAIN produced a small increase in the proportion of experimentals whose combined income from earnings, AFDC, and Food Stamps exceeded the poverty line in year 3.**

To approximate GAIN's effects on poverty, the analysis compared sample members' total year 3 earnings, AFDC payments, and Food Stamps with the official poverty line, taking into account the size of each sample member's family at the time of GAIN orientation. (In 1992, the poverty line for a single parent with one child was $9,190.) The income measure used here is different from the Census Bureau's official poverty measure in that Food Stamps are not counted in the official measure, while other family income not measured in the GAIN evaluation is counted. The analysis suggests that GAIN helped move some families out of poverty: 20 percent of the experimentals across the six counties, compared to 17 percent of the controls, had a combined income above the poverty line. In other words, experimentals' poverty rate was reduced by 3 percentage points. This impact reached almost 5 percentage points in Butte and Tulare.

### Impacts on Case Closures

- **GAIN reduced by a small amount (3 percentage points) the proportion of experimentals who were on AFDC during the last quarter of year 3. About half of all experimentals and controls received some AFDC payments during that period. Only about one-fifth were both off AFDC *and* working.**

Table 2 shows the proportion of sample members who had received any AFDC payments in the last quarter of each follow-up year. The proportion of experimentals on AFDC had dropped to 53 percent (for all six counties combined) by the end of the three-year period. However, only a portion of this change can be attributed to GAIN, since the control group experienced a similar decline. Nonetheless, the counties collectively produced a reduction of 3 percentage points in the proportion of experimentals receiving welfare by the end of year 3, ranging from under 2 percentage points in Butte and Tulare to over 5 percentage points in Riverside.

Table 3 (bottom panel) shows the proportion of people who had both worked *and* received no AFDC payments during the last quarter of the follow-up period. This combined status comes closer

## TABLE 3

## GAIN's IMPACTS ON YEAR 3 EARNINGS LEVELS AND THE PERCENTAGE OF AFDC-FGs (SINGLE PARENTS) BOTH EMPLOYED AND OFF AFDC AT THE END OF YEAR 3

| Outcome Measure and County | Experimentals (%) | Controls (%) | Difference |
|---|---|---|---|
| **Earned $5,000 or more in year 3** | | | |
| Alameda | 16.4 | 12.7 | 3.7 * |
| Butte | 21.9 | 18.8 | 3.1 |
| Los Angeles | 12.6 | 12.0 | 0.6 |
| Riverside | 23.7 | 17.1 | 6.6 *** |
| San Diego | 23.3 | 19.7 | 3.6 *** |
| Tulare | 20.6 | 17.6 | 3.0 * |
| All counties (a) | 19.7 | 16.3 | 3.5 *** |
| **Earned $10,000 or more in year 3** | | | |
| Alameda | 10.6 | 8.4 | 2.2 |
| Butte | 14.6 | 10.2 | 4.3 * |
| Los Angeles | 7.7 | 6.7 | 1.0 |
| Riverside | 13.7 | 9.5 | 4.2 *** |
| San Diego | 15.0 | 12.0 | 3.1 *** |
| Tulare | 11.2 | 8.2 | 3.0 ** |
| All counties (a) | 12.1 | 9.2 | 3.0 *** |
| **Employed and received no AFDC in the last quarter of year 3** | | | |
| Alameda | 14.2 | 10.0 | 4.2 ** |
| Butte | 22.8 | 22.0 | 0.8 |
| Los Angeles | 11.2 | 9.1 | 2.1 ** |
| Riverside | 23.0 | 18.4 | 4.6 *** |
| San Diego | 21.4 | 18.8 | 2.6 ** |
| Tulare | 19.9 | 17.6 | 2.3 |
| All counties (a) | 18.8 | 16.0 | 2.8 *** |

NOTES: Statistical significance levels are indicated as *** = 1 percent (the highest level); ** = 5 percent; * = 10 percent.
(a) In the all-county averages, the results for each county are weighted equally.

than any other measure in this study to representing the achievement of "self-sufficiency through employment." By this criterion, about 19 percent of experimentals (for all six counties combined) achieved self-sufficiency by working compared to 16 percent of controls, for a small (statistically significant) impact of almost 3 percentage points. The impact on this measure was highest in Riverside and Alameda, where it exceeded 4 percentage points. (During this same quarter, another 10 percent of experimentals both worked and received welfare.)

- **Several counties increased the proportion of registrants who made a permanent exit from AFDC during the available follow-up period, although this effect was not large.**

Welfare recipients who leave AFDC often return to the rolls. Across the six study counties, 27 percent of experimentals who left AFDC for at least one full quarter during the first half of the follow-up period (i.e., from quarters 2 through 7) returned to AFDC before the three years were out. (This rate ranged from 22 percent in Los Angeles to 30 percent in Tulare.) Nonetheless, three counties increased the likelihood that experimentals would get off welfare and remain off the rolls. For example, 39 percent of all experimentals in Riverside, compared to 35 percent of all controls, had left AFDC during the first half of the three-year follow-up period and did not return during the rest of that period. This 4 percentage point difference was statistically significant and accounts for more than half of Riverside's impact of nearly 8 percentage points on the *total* percentage of experimentals who left AFDC within the first half of the follow-up period. Los Angeles and San Diego each had an impact of 3 percentage points (statistically significant) on the likelihood of exiting AFDC and remaining off welfare through the end of the follow-up period, but little effect was detected in the other three counties (Alameda, Butte, and Tulare).

## Impact Findings for Selected AFDC-FG Subgroups

- **For the two basic education subgroups, GAIN produced earnings gains and welfare savings, but not always for both groups in each county.**

A central question for GAIN is whether particular subgroups of welfare recipients are or are not affected by the services the program offers and by its participation mandate. All GAIN registrants were classified into two groups for whom the GAIN program model established different service sequences: those determined "not in need of basic education" and those deemed "in need of basic education." Overall, GAIN produced earnings gains and welfare savings for both of these subgroups among AFDC-FGs.

Three counties (Alameda, Riverside, and San Diego) produced large earnings gains – ranging from about $3,000 to $4,000 – for registrants determined *not* to need basic education, as shown in the top panel of Table 4. Two of these counties (Riverside and San Diego) also produced large welfare savings, while the third (Alameda) did not. (The pattern in Alameda could have occurred if its earnings impact was concentrated among individuals who, during the follow-up period, would have left welfare and worked even in the absence of GAIN, but in lower-paying jobs.) In contrast, Los Angeles achieved large welfare savings for this subgroup, but more modest (and not statistically significant) earnings gains.

## TABLE 4

## GAIN's THREE-YEAR IMPACTS ON EARNINGS AND AFDC PAYMENTS FOR KEY AFDC-FG (SINGLE-PARENT) SUBGROUPS

| | Impact on Average Total Earnings ($) | | | | Impact on Average AFDC Payments ($) | | | |
|---|---|---|---|---|---|---|---|---|
| Subgroup and County | Year 1 | Year 2 | Year 3 | Total | Year 1 | Year 2 | Year 3 | Total |
| **AFDC-FGs determined not to need basic education** | | | | | | | | |
| Alameda | 672 * | 1008 | 1267 | 2947 * | -1 | -38 | -94 | -133 |
| Butte | 154 | 374 | 418 | 946 | 400 | 357 | 229 | 986 |
| Los Angeles | 201 | 534 | 412 | 1147 | -692 *** | -794 *** | -709 *** | -2194 *** |
| Riverside | 1199 *** | 1464 *** | 1287 *** | 3950 *** | -682 *** | -691 *** | -693 *** | -2067 *** |
| San Diego | 632 ** | 1185 *** | 1223 *** | 3040 *** | -317 ** | -556 *** | -405 *** | -1278 *** |
| Tulare | -614 * | -233 | 212 | -635 | 331 | 208 | 4 | 543 |
| **AFDC-FGs determined to need basic education** | | | | | | | | |
| Alameda | -21 | 229 | 402 | 610 | -202 | -350 * | -483 ** | -1036 ** |
| Butte | 507 * | 972 ** | 1113 ** | 2592 *** | -1204 *** | -1128 *** | -906 ** | -3239 *** |
| Los Angeles | -35 | 28 | 113 | 107 | -252 *** | -314 *** | -173 | -739 *** |
| Riverside | 738 *** | 1023 *** | 834 *** | 2595 *** | -677 *** | -700 *** | -509 *** | -1886 *** |
| San Diego | 74 | 269 | 230 | 572 | -281 ** | -426 *** | -313 ** | -1020 *** |
| Tulare | 123 | 174 | 690 *** | 987 ** | 39 | 57 | -152 | -56 |
| **AFDC-FGs who are long-term welfare recipients** | | | | | | | | |
| Alameda | 209 | 508 * | 774 ** | 1492 ** | -150 | -261 | -371 ** | -782 * |
| Butte | 518 * | 945 * | 855 | 2318 * | -388 | -424 | -313 | -1125 |
| Los Angeles | -4 | 110 | 153 | 260 | -328 *** | -401 *** | -277 ** | -1005 *** |
| Riverside | 1072 *** | 1409 *** | 1056 *** | 3538 *** | -730 *** | -819 *** | -635 *** | -2184 *** |
| San Diego | 207 | 332 | 158 | 697 | -358 *** | -692 *** | -495 *** | -1545 *** |
| Tulare | -117 | 203 | 844 *** | 929 | 85 | -43 | -264 | -222 |

NOTES: Statistical significance levels are indicated as *** = 1 percent (the highest level); ** = 5 percent; * = 10 percent.

Alameda's success (noted above) in raising the quality of jobs suggests that the use of job search to explore career options, combined with subsequent participation in vocational training and post-secondary education, may have played a role in producing Alameda's earnings impact. As the top panel of Table 5 shows, Alameda raised experimentals' participation in training and post-secondary education 16 percentage points, on average, above the control group rate – a participation impact that was higher than in the other counties; it also had the largest impact on the duration of participation in these activities. Moreover, Alameda increased the proportion of experimentals in the not-in-need-of-basic-education subgroup who received a trade certificate by almost 6 percentage points (not statistically significant) and receipt of a Bachelor's degree by 3 percentage points. In contrast, Riverside did not increase participation in training and post-secondary education, nor did it increase the receipt of education credentials, implying that its earnings impacts for this subgroup came about from other sources – possibly through a combination of factors, including the large impact on participation in job search activities (48 percentage points, as shown in the top panel of Table 5) and other program features that made Riverside distinctive. (See the section above on implementation findings.) San Diego's experience appears to have been closer to Riverside's in that it did not have a large impact on the use of vocational education and training.

For registrants who *were* determined to need basic education, increasing experimentals' use of ABE, GED, and ESL classes (relative to the use of those classes by controls) may have contributed to positive earnings impacts, for Butte, Riverside, and Tulare all had a positive impact on the rate of participation in those activities (see the bottom panel of Table 5 for the Riverside and Tulare impacts). All three counties (Tulare to a lesser extent) also produced statistically significant earnings increases, as shown in the middle panel of Table 4. In addition, two of them (Butte and Riverside) produced welfare savings. At the same time, the experience of the other three counties indicates that even a large impact on the use of basic education may not result in earnings gains. For example, Alameda had a 56 percentage point impact on the in-need-of-basic-education subgroup's rate of participation in basic education, yet its three-year impact on this group's earnings was relatively small.

If an impact on the use of basic education contributes to an impact on earnings, the mechanism by which this occurs may sometimes involve factors other than simply an increase in basic skills or credentials. For example, it is noteworthy that Riverside achieved its earnings gain for this subgroup without having had an impact on the proportion of experimentals who obtained a GED and without having an impact on literacy skills.[2] Furthermore, impacts on GED attainment were found in Alameda (an 8 percentage point impact), while impacts on the literacy test were concentrated in San Diego – two counties that did *not* produce a statistically significant increase in earnings for this subgroup.

It is possible that in Riverside (and perhaps elsewhere) basic education may have increased skills not measured by the literacy test used in this evaluation, or increased participants' interest in – or self-confidence about – working. Perhaps these kinds of influences, when combined with other aspects of Riverside's implementation of GAIN (including its strong employment message and its substantial impact of 31 percentage points on the rate of participation in job search for the in-need-of-basic-education subgroup, as shown in the bottom panel of Table 5), help to explain why Riverside achieved an impressive earnings impact for this subgroup without improving measured educational gains.

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[2] See Karin Martinson and Daniel Friedlander, *GAIN: Basic Education in a Welfare-to-Work Program* (New York: MDRC, 1994).

## TABLE 5

## GAIN's IMPACTS ON THE RATE OF PARTICIPATION IN KEY ACTIVITIES WITHIN TWO TO THREE YEARS AFTER ORIENTATION FOR AFDC-FGs (SINGLE PARENTS)

### A. Registrants Determined Not to Need Basic Education

| | Ever Participated in Job Search Activities | | | Ever Participated in Vocational Training or Post-Secondary Education | | |
|---|---|---|---|---|---|---|
| County | Experimentals (%) | Controls (%) | Difference | Experimentals (%) | Controls (%) | Difference |
| Alameda | 55.9 | 3.6 | 52.3 | 48.3 | 31.9 | 16.4 |
| Los Angeles | 25.8 | 2.9 | 22.9 | 27.6 | 23.0 | 4.6 |
| Riverside | 50.1 | 2.3 | 47.8 | 40.9 | 43.3 | -2.4 |
| San Diego | 41.9 | 7.9 | 34.0 | 48.3 | 43.5 | 4.8 |
| Tulare | 46.4 | 3.0 | 43.4 | 48.8 | 36.7 | 12.1 |
| All counties (a) | 44.0 | 3.9 | 40.1 | 42.8 | 35.7 | 7.1 |

### B. Registrants Determined to Need Basic Education

| | Ever Participated in Job Search Activities | | | Ever Participated in Basic Education (ABE, GED, or ESL) | | |
|---|---|---|---|---|---|---|
| County | Experimentals (%) | Controls (%) | Difference | Experimentals (%) | Controls (%) | Difference |
| Alameda | 19.6 | 3.8 | 15.8 | 65.1 | 9.2 | 55.9 |
| Los Angeles | 11.2 | 3.8 | 7.4 | 49.2 | 10.8 | 38.4 |
| Riverside | 32.0 | 0.7 | 31.3 | 40.6 | 14.5 | 26.1 |
| San Diego | 27.4 | 7.5 | 19.9 | 42.1 | 11.8 | 30.3 |
| Tulare | 12.4 | 0.9 | 11.5 | 65.6 | 13.3 | 52.3 |
| All counties (a) | 20.5 | 3.3 | 17.2 | 52.5 | 11.9 | 40.6 |

NOTES: Estimates of participation rates for the two- to three-year follow-up period, which rely partly on data from the registrant survey, are not available for Butte.

Tests of statistical significance were not performed.

(a) In the all-county averages, the results for each county are weighted equally.

- **GAIN produced earnings and welfare savings for a variety of other subgroups, including (in some counties) registrants who had received AFDC for more than two years prior to entering the program, showing GAIN's potential to reach a difficult-to-serve population.**

Among long-term recipients, the total three-year earnings impact was moderate to large (and statistically significant) in three counties (Alameda, Butte, and Riverside), ranging from $1,492 to $3,538, as shown in the bottom panel of Table 4. Three-year welfare savings of $782 to $2,184 were found across five counties (and were statistically significant in four of them). It is noteworthy that Riverside produced the largest earnings gains *and* the largest welfare savings for long-term AFDC-FG recipients. It also produced statistically significant impacts on these outcomes when "long-term" is defined more strictly to mean recipients who received AFDC continuously for at least the six years prior to orientation.

The evaluation examined GAIN's impacts on a variety of other subgroups and found evidence of earnings gains and welfare savings, although not consistently in all counties. Across racial and ethnic groups, the largest impacts were found among whites and blacks. For blacks in Alameda (who constituted almost 70 percent of that county's sample), there was a relatively large year 3 earnings impact of $1,020. These results in Alameda are especially interesting because that county's sample was drawn entirely from relatively long-term recipients and an inner-city area (Oakland). For Hispanics in the three counties that had large samples of Hispanics (Los Angeles, Riverside, and San Diego), only Riverside produced a statistically significant earnings impact in year 3 ($920), but none of the three produced statistically significant welfare savings for this group.

In some counties, GAIN also achieved impacts for individuals facing conditions commonly thought to reflect important barriers to employment. As previously discussed, the program produced earnings gains and welfare savings for subgroups with long welfare histories (as it did for those who were welfare applicants or shorter-term recipients when registering for GAIN). It also achieved impacts for those with little employment experience prior to entering GAIN and for those with two or more children. At the same time, however, it had weak earnings effects for a "most disadvantaged" subgroup, defined as sample members with multiple barriers: more than two years' previous receipt of AFDC *and* no employment in the year preceding GAIN orientation *and* no high school diploma. Larger earnings impacts for this group may be particularly difficult to achieve because of those multiple barriers, although Riverside's success in doing so shows GAIN's potential to reach even them.

## Impact Findings for Single Parents with Children Younger than Age 6 in Three Counties

- **GAIN's impacts on single parents with children under the age of 6 largely paralleled its impacts on single parents whose children were age 6 or older in three counties.**

Under the JOBS legislation, starting in July 1989, GAIN's participation mandate was extended to single parents with children 3 to 5 years old at the time of orientation. Although this group was not part of the main research sample for the evaluation (except in Alameda), employment, earnings, and welfare data were collected for a supplementary sample of such individuals in Riverside and Tulare. This sample was somewhat younger, on average, than the main sample, but fewer than a quarter of them were under age 25.

Over the entire three-year follow-up period, Riverside produced large average increases in earnings ($3,511) and reductions in AFDC payments ($2,558) for this group, just as it had for its main sample. Similarly, Alameda showed a sizable earnings impact for this sample ($2,220), as it had for its main sample, although the effect was not statistically significant (perhaps because of a small sample size). However, Alameda did not substantially reduce AFDC payments for this sample (it had a somewhat larger effect for the main sample). Tulare produced no earnings gains or welfare savings for this group (although it achieved earnings gains in year 3 for the main sample).

## The Riverside Case Management Experiment

- **In Riverside, GAIN's already large impacts on earnings and AFDC payments were not improved for registrants who were assigned to case managers with smaller-than-normal caseloads.**

A special study was conducted in Riverside to test whether assigning registrants to staff with smaller caseloads, and allowing staff to monitor them more closely and work with them more intensively, would produce larger impacts on earnings and AFDC. Using random assignment procedures, experimentals and case managers were divided into two groups: an "enhanced" group and a "regular" group. The average registrant-to-staff ratio in the enhanced group (53 to 1) was about half as large as the ratio for the regular group (97 to 1).

Both the enhanced and regular experimental groups obtained large gains in earnings and large reductions in AFDC, but, contrary to what had been expected, these impacts were not greater for the enhanced group. These findings suggest that there may be little advantage to operating a GAIN program – at least one like Riverside's – with caseloads substantially below 100 registrants per case manager, and that keeping them in the moderate range of about 100 to 1 may be one way of containing program costs without jeopardizing program effectiveness.

## Findings on Program Costs for AFDC-FGs

This study calculated several different types of cost estimates, including: the *county welfare department's average expenditure* per experimental; the *total GAIN cost* per experimental, which adds to the welfare department cost the average expenditures by schools and training providers for services provided to GAIN participants as part of the GAIN program; and the *net cost* (or net investment) per experimental. Net cost per experimental is the total public expenditure on employment-related activities per experimental – for post-GAIN activities as well as the total GAIN cost – minus the public cost of (non-GAIN) services to controls. Net cost is the cost measure used in the benefit-cost analysis, discussed later in this summary. All cost estimates cover a time horizon of five years after orientation (in order to capture long-term participation in GAIN activities and to be consistent with the benefit-cost analysis), and are expressed in 1993 dollars.

- **For all six counties combined, county welfare departments spent an average of $2,899 per experimental within the five years after orientation.**

Table 6A summarizes the average county welfare department expenditure for each of the six counties. Four of the six (Butte, Riverside, San Diego, and Tulare) spent between $2,000 and $2,700,

# TABLE 6

## ESTIMATED GAIN AND NET COST PER AFDC-FG (SINGLE-PARENT) EXPERIMENTAL WITHIN FIVE YEARS AFTER ORIENTATION (IN 1993 DOLLARS)

**A. Total GAIN Cost: Expenditures by Welfare Department and Other Agencies**

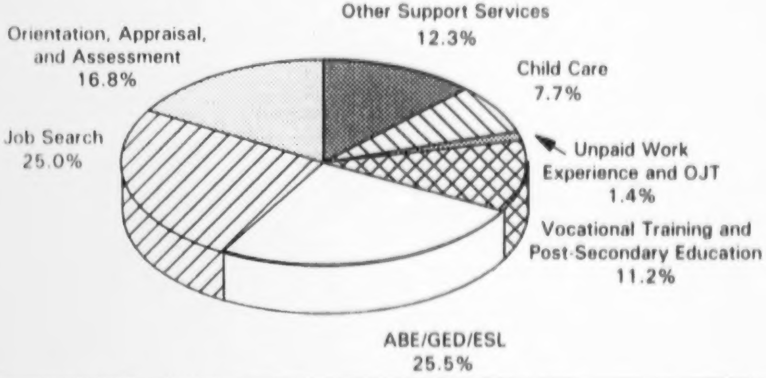
| | Five-Year Average Cost per Experimental ($) | | |
|---|---|---|---|
| County | Welfare Department GAIN Cost | Other Agencies' Costs for Serving GAIN Participants | Total GAIN Cost |
| Alameda | 4429 | 2193 | 6622 |
| Butte | 2650 | 1309 | 3959 |
| Los Angeles | 4023 | 1961 | 5984 |
| Riverside | 2073 | 890 | 2963 |
| San Diego | 2134 | 1096 | 3230 |
| Tulare | 2086 | 1644 | 3731 |
| All counties | 2899 | 1515 | 4415 |

**B. Net Cost per Experimental**

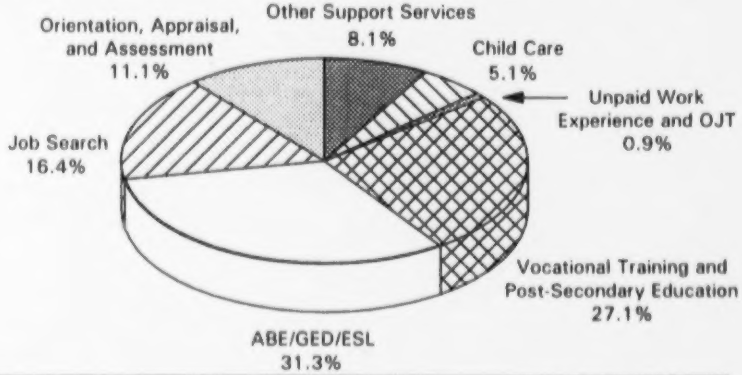
| | Five-Year Average Cost ($) | | |
|---|---|---|---|
| County | Total per Experimental (a) | Total per Control | Difference (Net Cost per Experimental) |
| Alameda | 6977 | 1379 | 5597 |
| Butte | 4413 | 1509 | 2904 |
| Los Angeles | 6402 | 613 | 5789 |
| Riverside | 3469 | 1871 | 1597 |
| San Diego | 3918 | 2007 | 1912 |
| Tulare | 4189 | 1455 | 2734 |
| All counties | 4895 | 1472 | 3422 |

(a) Total GAIN cost plus cost of post-GAIN activities.

**C. Welfare Department GAIN Cost: Percentage Distribution by Component for All Counties Combined**



**D. Total GAIN Cost (Welfare Department and Other Agencies): Percentage Distribution by Component for All Counties Combined**



NOTES: In the all-county averages and percentage distributions, the results for each county are weighted equally. Case management, which accounts for about 60 percent of the welfare department GAIN cost, is included in the costs for the individual components identified in panels C and D.

while the remaining two counties (Alameda and Los Angeles) spent about $4,000 or more. Across the six counties, about 60 percent of these expenditures were on activities that could be classified as case management (including conducting orientations, appraisals, and assessments; assigning registrants to activities; arranging for support service payments; responding to noncompliance; etc.). Among the other welfare department expenditures were the costs of conducting (or subcontracting the operation of) job club sessions and supervising individual job search activities, paying schools to provide extra monitoring and attendance data (to help the welfare department measure compliance with GAIN's participation mandate), and paying for child care and other support services (e.g., for transportation and such ancillary items as books, tools, and uniforms).

- **The total five-year cost of GAIN (counting welfare department and other agencies' costs for serving GAIN participants) was $4,415 per experimental.**

The total cost of GAIN per experimental is the sum of the GAIN-related expenditures of the county welfare department and other agencies. Non-welfare agencies – adult schools, community colleges, and other organizations – provided the education and training for GAIN registrants who were assigned to basic education classes, vocational training, and post-secondary education to meet their participation obligation, or who were participating in approved self-initiated activities begun prior to entering GAIN. Thus, the expenditures made by the non-welfare agencies to serve GAIN registrants are considered to be GAIN-related costs, even though they were not controlled directly by the county welfare departments. For all six counties combined, these expenditures averaged $1,515 (Table 6A). Adding these GAIN expenditures to those made by county welfare departments ($2,899) yields the total GAIN cost of $4,415 per experimental.

- **GAIN expenditures were heaviest for job search, basic education, and vocational training and post-secondary education.**

The pie charts in Table 6 show how this six-county total cost per experimental was distributed across the key components of GAIN. The first chart (Table 6C) illustrates that the cost to the welfare department of processing registrants through the orientation and appraisal stages of the program (including following up on those who failed to attend their scheduled orientation sessions), plus the cost of assessments, accounted for about 17 percent of the $2,899 average welfare department GAIN cost, while expenditures on registrants assigned to job search activities and basic education (ABE, GED, or ESL activities) each accounted for about one-quarter of those expenditures. (Again, this includes the cost of the case managers' effort to monitor attendance and progress, arrange support services, follow up on nonattenders, etc., for these two activities.) Another 8 percent was spent on child care, and 12 percent was spent on other support services (transportation and ancillary services). It is important to note that, across all six counties, the average cost of GAIN child care per experimental would have been higher if the research sample had been composed mostly of parents with younger children, a group that has a greater need for child care. For those with schoolage children, GAIN activities were often scheduled to take place while the children themselves were in school. Also, those whose youngest child was a teenager (up to about one-quarter of the research sample in some counties) would not have been eligible for GAIN-funded child care.

The second pie chart (Table 6D) shows the distribution of *total* GAIN costs, i.e., after adding in the expenditures by other agencies providing the education and training received by GAIN participants while they were enrolled in GAIN. It shows that of the total average GAIN cost ($4,415), three-quarters is accounted for by expenditures on registrants assigned to job search activities (16 percent), basic education activities (31 percent), and vocational training and post-secondary education (27 percent).

- **The total cost of GAIN varied widely by county, ranging from under $4,000 per experimental in four counties (Butte, Riverside, San Diego, and Tulare) to almost $6,000 or more in two counties (Alameda and Los Angeles).**

Four counties – Butte, Riverside, San Diego, and Tulare – had an average total GAIN cost (including welfare department and non-welfare agency expenditures) in the range of about $3,000 to $4,000, while Los Angeles spent almost $6,000 per experimental and Alameda, more than $6,600. GAIN costs were lowest in Riverside ($2,963) owing, to an important extent, to Riverside experimentals' quicker departures from the GAIN program and their shorter length of participation, on average, in education and training activities in that county compared to experimentals in other counties. The unusually high costs in Alameda and Los Angeles (both of which served only long-term welfare recipients) are attributable to a combination of factors, including their experimentals' relatively long lengths of stay in GAIN and heavy use of education and training activities. In Los Angeles, this high usage was mostly in basic education activities, while in Alameda it extended to vocational training and post-secondary education as well. Longer participation in activities also produces greater expenditures for support services.

- **The average *net* cost of all GAIN and non-GAIN services per experimental was $3,422 for all six counties combined, but varied widely across the counties.**

Net costs are key to determining whether GAIN has been a cost-effective investment from the perspective of government budgets. They represent the difference between the five-year average total cost per experimental (including public expenditures on experimentals who participated in non-GAIN employment and training activities after leaving GAIN) and the average cost per control for non-GAIN services. The government's net cost per experimental for the six counties combined is thus obtained by subtracting the total cost per control ($1,472) from the total cost per experimental for GAIN *and* non-GAIN activities ($4,895), which yields $3,422 (after rounding). This number is presented in the last column of Table 6B. These costs were largest where the cost of GAIN itself was highest – in Los Angeles ($5,789) and Alameda ($5,597) – and lowest in Riverside ($1,597) and San Diego ($1,912).

## Benefit-Cost Findings for AFDC-FGs

The benefit-cost analysis addresses three questions: Are welfare recipients financially better or worse off as a result of the GAIN program? Is the government's net investment in services for the experimental group offset by subsequent budget savings? Does society as a whole come out ahead or behind as a result of the program? The analysis takes into consideration GAIN's effects on earnings, AFDC payments, Food Stamps, and Unemployment Insurance payments, fringe benefits, taxes, Medi-Cal (i.e., Medicaid) payments, administrative costs for AFDC and other transfer programs, and the net cost of employment-related services. It does not formally incorporate intangible positive or negative effects of the program, such as the increased sense of pride or feelings of stress or loss of time with their families that registrants might have felt in substituting work for welfare, or any enhancement of their self-esteem from obtaining a GED or other education credential through the GAIN program. The analysis also assumes that no displacement of other workers occurred as a result of employment gains for experimentals, because the displacement effects could not be measured.

The benefit-cost estimates presented in this summary cover the five years after GAIN orientation, a time frame similar to the one used in most previous MDRC evaluations of welfare-to-work programs. (Because a full five years of follow-up data were not available for earnings, welfare payments, and other outcomes, the overall benefit estimates include some projected values, up to two years for some sample members but less than that for most.) It should be noted, however, that this probably is a conservative estimate, since five years is not likely to be long enough to capture the total effects of GAIN.

- **In five of the six counties, experimentals, on average, were better off financially as a result of the GAIN program.**

As shown by the impact analysis, GAIN increased the earnings of experimentals in most counties. The measured and projected earnings gains and their associated fringe benefits constitute the primary financial gain from the standpoint of experimentals (referred to in benefit-cost analyses as the "welfare sample perspective"). However, these gains were offset to some extent by reduced AFDC payments and other transfer payments.

Nonetheless, GAIN experimentals – with the exception of those in Los Angeles – experienced a net financial gain as a result of the program, averaging $923 per experimental for the six counties combined over the five-year period, as shown in Figure 2A and Table 7. (The average net gain equals $1,420 when Los Angeles is excluded.) In Los Angeles, experimentals' losses in transfer payments (especially AFDC payments) exceeded their *measured* earnings increases, leaving them with a net loss overall of $1,561. (Any effect GAIN may have had on "off the books" earnings is not considered in this analysis.) In all other counties, experimentals realized an average net gain of between $948 in San Diego and $1,900 in Riverside. It is noteworthy, however, that in Tulare this positive result was achieved with a smaller earnings increase and a smaller reduction in AFDC payments compared to the other counties. In contrast, Riverside's results, compared to all of the other counties, reflect both a large increase in earnings and a large reduction in welfare payments – in other words, a greater substitution of work for welfare.

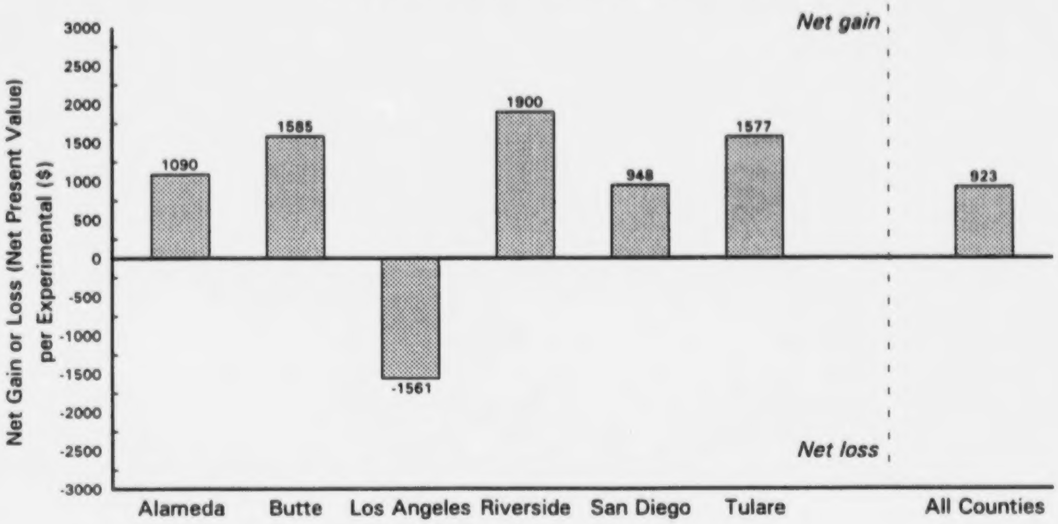
- **From the standpoint of the government budget, GAIN also produced economic gains that exceeded costs in two of the six counties (Riverside and San Diego). A third county (Butte) led to the government budget "breaking even."**

From the "government budget perspective," the gains of the program include reduced AFDC payments, reductions in other transfer payments, reductions in transfer program administrative costs, and the increased taxes paid by experimentals. The net expenditures for GAIN and non-GAIN services constitute the net costs to the government. Overall, the results for this perspective – which sets a tough standard for programs to meet – are mixed, as Figure 2B and Table 7 show. Average costs incurred by the government exceeded savings per experimental by $3,054 in Alameda, $3,442 in Los Angeles, and $2,261 in Tulare. There was a moderate net *gain* (i.e., savings and increased tax

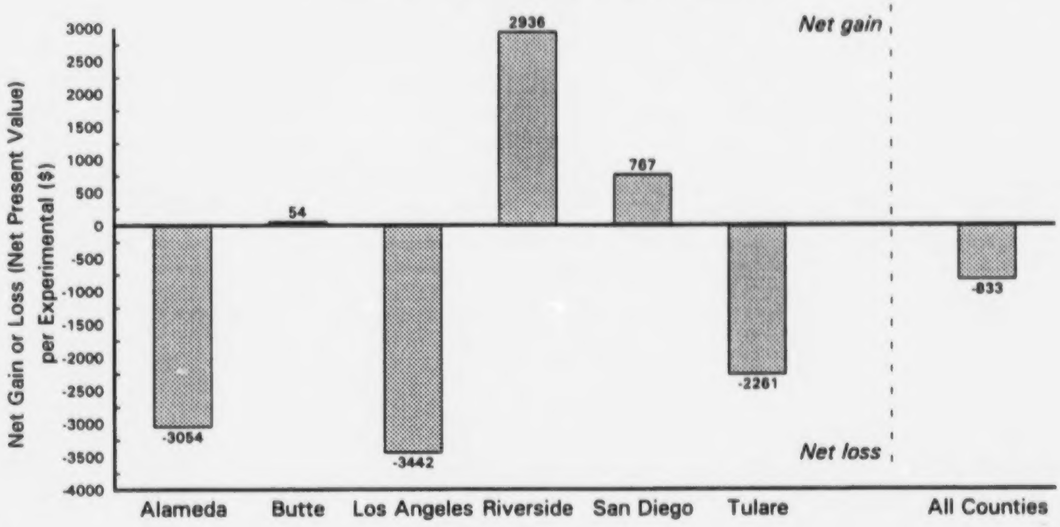
## FIGURE 2

## GAIN's BENEFIT-COST RESULTS FROM THE WELFARE SAMPLE AND GOVERNMENT BUDGET PERSPECTIVES FOR AFDC-FGs (SINGLE PARENTS) WITHIN FIVE YEARS AFTER ORIENTATION (IN 1993 DOLLARS)

A. From the Welfare Sample Perspective



B. From the Government Budget Perspective



## TABLE 7

## GAIN's BENEFIT–COST RESULTS FOR AFDC–FGs (SINGLE PARENTS) (IN 1993 DOLLARS)

| | Estimated Net Gain or Loss (Net Present Value) per Experimental Within Five Years After Orientation, by Accounting Perspective ($) | | | |
|---|---|---|---|---|
| Sample and County | Welfare Sample | Government Budget | Society | Return to Government Budget per Net Dollar Invested |
| **Full sample** | | | | |
| Alameda | 1090 | −3054 | −2103 | 0.45 per $1 |
| Butte | 1585 | 54 | 1452 | 1.02 per $1 |
| Los Angeles | −1561 | −3442 | −5046 | 0.41 per $1 |
| Riverside | 1900 | 2936 | 4458 | 2.84 per $1 |
| San Diego | 948 | 767 | 1649 | 1.40 per $1 |
| Tulare | 1577 | −2261 | −819 | 0.17 per $1 |
| All counties (a) | 923 | −833 | −67 | 0.76 per $1 |
| **Registrants determined not to need basic education** | | | | |
| Alameda | 5328 | −6041 | −904 | 0.16 per $1 |
| Butte | 4702 | −3955 | 621 | −0.30 per $1 |
| Los Angeles | −2826 | 2892 | −11 | 2.15 per $1 |
| Riverside | 3235 | 3576 | 6328 | 4.36 per $1 |
| San Diego | 2925 | 2610 | 5235 | 3.95 per $1 |
| Tulare | 673 | −2812 | −2163 | −0.24 per $1 |
| **Registrants determined to need basic education** | | | | |
| Alameda | −1199 | −2011 | −3299 | 0.60 per $1 |
| Butte | −820 | 4816 | 3656 | 2.71 per $1 |
| Los Angeles | −1162 | −4755 | −5941 | 0.26 per $1 |
| Riverside | 1111 | 2444 | 3246 | 2.24 per $1 |
| San Diego | −968 | −759 | −1590 | 0.72 per $1 |
| Tulare | 2333 | −2082 | 45 | 0.30 per $1 |

NOTES: The net present value from the societal perspective is estimated by summing the net present value from the perspective of the government budget (minus employers' share of payroll taxes) plus the net value of output produced by registrants in unpaid work experience positions.

(a) In the all–county averages (included for the full sample only), the results for each county are weighted equally.

revenues exceeded net costs) in San Diego ($767), and a quite large net gain in Riverside ($2,936). In Butte, GAIN resulted in the government budget breaking even (with a slight net gain of $54). The losses in Alameda and Los Angeles to an important extent reflect the comparatively high net expenditures on employment-related services per experimental, especially for education and training activities. On average, across the six counties, the GAIN program incurred a net loss to the government budget of $833 within a five-year time horizon.

One can also consider the cost-effectiveness of the GAIN program from the standpoint of the government budget by estimating the value of budgetary savings and tax increases per dollar of investment (i.e., per dollar of net costs). This measure is called *return to budget per net dollar invested*. An average gain of more than $1 means that the program brings in more than a dollar's worth of additional revenues and savings for each additional dollar spent on employment-related services to experimentals; an average return that is less than $1 implies a net loss for the government.

Riverside's program produced $2.84 in increased revenues and savings for every net dollar spent on experimentals, a substantial return to the budget. (If Riverside had operated GAIN solely with the higher caseload sizes assigned to staff in the "regular" case management group, its return to the government budget would have been higher than $2.84.) The program in San Diego and (to a slight extent) Butte also returned more than $1 in revenues and savings ($1.40 and $1.02, respectively). Alameda, Los Angeles, and Tulare returned less than $.50 per dollar of net costs; and the six counties combined returned $.76, on average.

- **Overall, three counties (Butte, Riverside, and San Diego) achieved a net gain from the societal perspective.**

The net financial gain or loss to "society as a whole" is approximated by summing the results from the welfare sample and government budget perspectives.[3] As Table 7 shows, Butte, San Diego, and especially Riverside achieved a net financial gain from the societal perspective, and were the only counties to do so. In Alameda and Tulare, the government incurred a net loss but welfare recipients gained – a kind of trade-off that policymakers may or may not find acceptable.

- **The findings across the six counties point to GAIN's potential to produce net financial gains for *both* education subgroups. However, different strategies may involve important trade-offs between the welfare sample and government budget.**

For experimentals determined *not* to need basic education, Alameda (which served longer-term welfare recipients) stands out as having produced the largest net gain for the welfare sample ($5,328 per experimental). At the same time, Alameda's average net cost per experimental in this subgroup was unusually high ($7,161, compared to less than $1,100 in Riverside and San Diego), in part because of its high net increase in experimentals' use of vocational training and post-secondary education. These expenditures, in combination with the absence of substantial reductions in AFDC payments, resulted in a substantial net loss for the government budget ($6,041 per experimental), as shown in Table 7. Riverside and San Diego illustrate an alternative pattern: Although they placed much less emphasis on vocational training and post-secondary education, they too achieved a net gain for the welfare sample (in the range of $3,000 per experimental), although it was considerably smaller than in Alameda. Because their expenditures were lower, these two counties also produced a net gain for the government budget: by $3,576 in Riverside and $2,610 in San Diego (a return of $4.36 and $3.95, respectively, per net dollar invested).

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[3] The results from another perspective – that of the taxpayer – were also calculated but were excluded from this summary because they were close to those of the government budget. They included a small additional gain from increased output from experimentals employed in unpaid work experience (PREP) jobs and excluded the employer's share of payroll taxes.

For experimentals who *were* determined to need basic education, GAIN resulted in a net gain from the welfare sample perspective in only two counties (Riverside and Tulare) and for the government budget in two counties (Butte and Riverside). Riverside was the only county of the six to produce a net gain for both of the basic education subgroups from both the welfare sample and government budget perspectives.

## Summary of Impact and Benefit-Cost Findings for AFDC-Us (Heads of Two-Parent Families)

- **GAIN produced earnings gains for the heads of two-parent families (AFDC-Us) that were about the same in year 3 as in year 2, and welfare savings that were somewhat lower. Butte had the most impressive earnings impacts, which were large and sustained over time.**

Averaging across five counties (omitting Alameda because of a small sample size) yields three-year earnings gains of $1,111 per AFDC-U experimental group member (a 12 percent increase over the control group average) and three-year AFDC impacts of $1,168 (a saving of 6 percent relative to the average AFDC payments to controls). (See Table 8.)

The results varied considerably by county. GAIN increased earnings in the three-year follow-up period in three of the five counties – Butte, Los Angeles, and Riverside. However, only in Butte did earnings impacts increase from year 1 to year 2; they then held steady from year 2 to year 3, reaching a total of $3,295 per experimental over the entire three-year period.

Reductions in AFDC payments were found in four counties – Butte, Los Angeles, Riverside, and San Diego – although they were not statistically significant in Butte (possibly because of a small sample size). Riverside's welfare impacts were the largest: a saving of $2,064 per experimental over the three years, or 14 percent of the average payments to controls. Butte, Los Angeles, and San Diego were in a middle range, while Tulare produced no AFDC impacts. It appeared unlikely there would be much addition to total AFDC impacts after year 3 except in Butte.

- **GAIN had a positive impact on AFDC-U experimentals' rate of employment in year 3 in three counties (Butte, Los Angeles, and Riverside). However, it did not reduce the proportion on welfare.**

Table 9 indicates that across the five counties included in the AFDC-U analysis, nearly 45 percent of experimentals had ever been employed in year 3, compared to 40 percent of controls, a difference of almost 5 percentage points. This impact was concentrated in Butte, Los Angeles, and Riverside. Although Los Angeles had the largest impact (10 percentage points on this measure), this

## TABLE 8

## GAIN's THREE-YEAR IMPACTS ON EARNINGS AND AFDC PAYMENTS FOR AFDC-Us (HEADS OF TWO-PARENT FAMILIES)

| | Average Total Earnings | | | | Average Total AFDC Payments | | | |
|---|---|---|---|---|---|---|---|---|
| County | Experimentals ($) | Controls ($) | Difference ($) | Percentage Change | Experimentals ($) | Controls ($) | Difference ($) | Percentage Change |
| **Alameda (a)** | | | | | | | | |
| Year 1 | - - | - - | - - | - - | - - | - - | - - | - - |
| Year 2 | - - | - - | - - | - - | - - | - - | - - | - - |
| Year 3 | - - | - - | - - | - - | - - | - - | - - | - - |
| Total | - - | - - | - - | - - | - - | - - | - - | - - |
| **Butte** | | | | | | | | |
| Year 1 | 3026 | 2393 | 633 * | 26% | 6523 | 6749 | -226 | -3% |
| Year 2 | 4033 | 2776 | 1257 *** | 45% | 5246 | 5775 | -529 | -9% |
| Year 3 | 4752 | 3346 | 1406 ** | 42% | 4555 | 5071 | -516 | -10% |
| Total | 11811 | 8515 | 3295 *** | 39% | 16324 | 17595 | -1271 | -7% |
| **Los Angeles** | | | | | | | | |
| Year 1 | 1480 | 1221 | 259 ** | 21% | 9440 | 9871 | -431 *** | -4% |
| Year 2 | 1787 | 1468 | 319 * | 22% | 8333 | 8826 | -493 *** | -6% |
| Year 3 | 1726 | 1417 | 309 | 22% | 7417 | 7739 | -323 * | -4% |
| Total | 4993 | 4106 | 887 ** | 22% | 25190 | 26436 | -1246 *** | -5% |
| **Riverside** | | | | | | | | |
| Year 1 | 3691 | 2930 | 761 *** | 26% | 4840 | 5807 | -967 *** | -17% |
| Year 2 | 4038 | 3628 | 411 | 11% | 3892 | 4640 | -748 *** | -16% |
| Year 3 | 3812 | 3478 | 334 | 10% | 3614 | 3964 | -350 * | -9% |
| Total | 11542 | 10036 | 1506 ** | 15% | 12346 | 14411 | -2064 *** | -14% |
| **San Diego** | | | | | | | | |
| Year 1 | 3331 | 3089 | 242 | 8% | 6790 | 7301 | -510 *** | -7% |
| Year 2 | 4128 | 3978 | 150 | 4% | 5565 | 6197 | -632 *** | -10% |
| Year 3 | 4144 | 4402 | -258 | -6% | 5155 | 5339 | -184 | -3% |
| Total | 11603 | 11469 | 134 | 1% | 17510 | 18837 | -1327 *** | -7% |
| **Tulare** | | | | | | | | |
| Year 1 | 2987 | 2961 | 26 | 1% | 7545 | 7523 | 23 | 0% |
| Year 2 | 3721 | 3998 | -277 | -7% | 6316 | 6261 | 54 | 1% |
| Year 3 | 4121 | 4138 | -17 | -0% | 5588 | 5600 | -12 | -0% |
| Total | 10829 | 11097 | -268 | -2% | 19449 | 19384 | 66 | 0% |
| **All counties (b)** | | | | | | | | |
| Year 1 | 2903 | 2519 | 384 *** | 15% | 7028 | 7450 | -422 *** | -6% |
| Year 2 | 3542 | 3170 | 372 ** | 12% | 5871 | 6340 | -469 *** | -7% |
| Year 3 | 3711 | 3356 | 355 ** | 11% | 5266 | 5543 | -277 *** | -5% |
| Total | 10156 | 9045 | 1111 *** | 12% | 18164 | 19332 | -1168 *** | -6% |

NOTES: Dollar averages for each year include zero values for sample members who were not employed or did not receive welfare during that year.

Statistical significance levels are indicated as *** = 1 percent (the highest level);** = 5 percent; * = 10 percent.

(a) Because of Alameda's small sample size for AFDC-Us, the estimates of its earnings impacts ($782 for the three-year period, or a 24 percent increase over the control group average) and AFDC payments impacts (-$103, or less than a 1 percent decrease) are considered much less reliable than those for the other counties; therefore, the Alameda impacts are not included in this table.

(b) In the all-county averages, the results for each county are weighted equally.

effect did not translate into a correspondingly large earnings gain, perhaps because the jobs were short-term, low-paying, or both.

Table 9 also shows that GAIN had little overall effect on the proportion of AFDC-Us receiving AFDC in the last quarter of follow-up, although Butte did show a reduction (not statistically significant) of almost 5 percentage points. In fact, the proportion of both groups receiving welfare at the end of year 3 was high in most counties, exceeding 50 percent (and reaching 78 percent in Los Angeles). These levels are comparable to those found for the AFDC-FGs, which was not expected because AFDC-Us are typically considered to be more "job-ready" and shorter-term users of welfare. These patterns may partly reflect the fact that the AFDC-U samples in several counties included a relatively high proportion of registrants who were not proficient in English. This was especially so in Los Angeles, where they accounted for 83 percent of the research sample, many of whom were Southeast Asian refugees.

- **GAIN's benefit-cost results for AFDC-Us show a large positive effect from the welfare sample perspective in Butte only, and a modest positive return on the government's investment in Butte and Riverside only.**

As suggested by the impact analysis, GAIN did not produce for AFDC-Us the same overall economic benefits from the welfare sample perspective that AFDC-FGs received, primarily because savings in AFDC and other transfers offset earnings gains to a greater extent. As seen in Table 10, the AFDC-U welfare sample incurred net losses in three counties (Los Angeles, Riverside, and San Diego) and net gains in two others (Butte and Tulare). However, only in Butte did AFDC-Us receive a large net gain from the program, $2,096. From the government budget perspective, only Butte and Riverside produced a net gain ($697 and $1,314, respectively).

## Policy Lessons

In passing the GAIN legislation in 1985, California legislators launched an ambitious effort to change the terms and conditions of receiving AFDC, with the twin goals of helping welfare recipients become self-sufficient and reducing the financial burden of welfare on the government. The model itself was the product of a compromise between two groups in California that embraced both of these goals but differed in their beliefs about the type of program best suited to achieving them. One group of reformers initially favored a relatively short-term program of mandatory job search followed, for participants who did not find jobs, by unpaid work experience (or "workfare"). The other group favored a broader range of services, with a strong emphasis on education and skills training, as well as less onerous penalties for noncompliance than the financial sanctions advocated by the first group. The resulting GAIN model incorporates elements of both of these approaches, representing a significant departure from the simpler (mainly job search) lower-cost initiatives of the early 1980s – and a prelude to the federal JOBS program, which, like GAIN, includes a reciprocal obligation and greater focus than earlier programs on education and training.

Representing a bold leap in welfare reform – in ambition, complexity, and expense – GAIN started with its feasibility uncertain and its effectiveness unknown. Would it be operated as envisioned on a large scale? Would its performance beat the clear but modest successes of earlier welfare-to-work programs? What approaches for implementing it would work best? The GAIN evaluation findings that are now available offer some answers.

## TABLE 9

## GAIN's IMPACTS ON RATES OF EMPLOYMENT AND WELFARE CASE CLOSURES AT THE END OF YEAR 3 FOR AFDC-Us (HEADS OF TWO-PARENT FAMILIES)

| | Ever Employed in Year 3 | | | On AFDC in the Last Quarter of Year 3 | | |
|---|---|---|---|---|---|---|
| County | Experimentals (%) | Controls (%) | Difference | Experimentals (%) | Controls (%) | Difference |
| Butte | 48.1 | 41.9 | 6.2 * | 47.9 | 52.7 | -4.8 |
| Los Angeles | 35.8 | 26.0 | 9.8 *** | 78.4 | 77.9 | 0.5 |
| Riverside | 44.8 | 40.2 | 4.6 ** | 42.6 | 40.9 | 1.7 |
| San Diego | 45.6 | 43.9 | 1.7 | 56.9 | 57.2 | -0.2 |
| Tulare | 48.9 | 48.4 | 0.5 | 60.4 | 59.9 | 0.5 |
| All counties (a) | 44.6 | 40.1 | 4.5 *** | 57.3 | 57.7 | -0.5 |

NOTES: Statistical significance levels are indicated as *** = 1 percent (the highest level); ** = 5 percent; * = 10 percent.

Because of Alameda's small sample size for AFDC-Us, the estimates of its impacts are considered much less reliable than those for the other counties; therefore, the Alameda impacts are not included in this table.

(a) In the all-county averages, the results for each of the five counties displayed in the table are weighted equally.

## TABLE 10

## GAIN's BENEFIT-COST RESULTS FOR AFDC-Us (HEADS OF TWO-PARENT FAMILIES) (IN 1993 DOLLARS)

| | Estimated Net Gain or Loss (Net Present Value) per Experimental Within Five Years After Orientation, by Accounting Perspective ($) | | | |
|---|---|---|---|---|
| County | Welfare Sample | Government Budget | Society | Return to Government Budget per Net Dollar Invested |
| Butte | 2096 | 697 | 2568 | 1.22 per $1 |
| Los Angeles | -621 | -2021 | -2748 | 0.55 per $1 |
| Riverside | -714 | 1314 | 466 | 1.61 per $1 |
| San Diego | -1949 | -86 | -1796 | 0.96 per $1 |
| Tulare | 260 | -2939 | -2685 | - 0.08 per $1 |
| All counties (a) | -186 | -607 | -838 | 0.79 per $1 |

NOTES: The net present value from the societal perspective is estimated by summing the net present value from the perspective of the government budget (minus employers' share of payroll taxes) and the net value of output produced by registrants in unpaid work experience positions.

Because of Alameda's small sample size for AFDC-Us, the estimates of its impacts are considered much less reliable than those for the other counties; therefore, the Alameda impacts are not included in this table.

(a) In the all-county averages, the results for each of the five counties displayed in the table are weighted equally.

**Operating GAIN as envisioned *on a large scale***

GAIN's ambitiousness derived as much from the scale of the project – in most counties, having been targeted (originally) toward *all* single parents on AFDC with schoolage children and heads of two-parent families – as from the complexity of the model itself. Nonetheless, all of the study counties – large and small – were able meet the challenge of implementing GAIN's mixed service approach involving job search, basic education, training, and other services, along with its ongoing participation mandate and multi-step enforcement process. Funding levels did not permit Alameda and Los Angeles to enroll the full mandatory caseload, or the other counties to continue doing so (especially after the transition to JOBS, which expanded the share of the welfare caseload targeted for GAIN), but the program model envisioned by the California legislature was given a "fair test" during the main period of program operations covered by the evaluation, and it proved administratively feasible.

**Is GAIN more successful than past welfare-to-work programs, and for more disadvantaged welfare recipients?**

In establishing GAIN, the California legislature hoped to create a program that would surpass in effectiveness the primarily job search programs of the early 1980s, particularly with the more disadvantaged portion of the welfare caseload that had benefited less from such services. Overall, the results suggest that GAIN could meet this standard – average GAIN impacts were larger than those produced by these earlier programs – but that it did not do so uniformly. The results also show that, in one county, GAIN produced the most impressive results ever found for a large-scale welfare-to-work program.

Moreover, GAIN's pattern of impacts shows that the program could substantially increase the earnings of long-term recipients, but that here, too, the effects were not consistent across counties. Some counties had better results for advantaged groups, some for less advantaged. The absence of a more consistent, predictable pattern suggests that giving priority for enrollment into GAIN to particular segments of the welfare caseload may not yield effective results across all counties. Therefore, for the state as a whole, a more broadly focused strategy might be more effective. (Past welfare-to-work studies point to the same conclusion.) At the same time, the challenge remains to improve the consistency of GAIN's effectiveness across a wide variety of subgroups.

**Do some approaches work better than others?**

Although GAIN is based on a uniform program model that all of California's counties must operate, county administrators have considerable authority – under California's state-supervised, county-operated welfare system – to shape the program's actual content. The GAIN administrators in the six study counties chose to implement the program in different ways. The most important dimensions of program variation included the use of basic education, vocational training and post-secondary education, and other strategies; the message conveyed to welfare recipients about employment; and the use of direct job development. This variation provided the evaluation with an opportunity to explore whether some of these alternative approaches generated better results than others.

**The role of basic education.** The study's findings suggest (but do not prove) that some use of basic education – one of GAIN's most innovative and expensive features – may contribute importantly to the program's success, as its designers had hoped. (As previously discussed, such an effect in Riverside would have been indirect, since it did not come from an increase in measured skills gains or GED receipt.) At the same time, the findings caution that basic education offers *no guarantee* of success – even when it is extensively used (as in Alameda) or its quality is considered exceptional (as in San Diego). Although the study cannot point to particular changes in the character of the education treatment itself that would enhance its effectiveness, the absence of large earnings impacts in four of the six counties for welfare recipients lacking basic skills suggests that attempting to get as many of these recipients as possible to attend basic education as their initial GAIN activity appears not to be the most productive strategy. It may also be that permitting very long stays in this activity without closely monitoring participation and progress, and without requiring participants to test opportunities in the labor market along the way, would weaken the contribution that basic education could make to GAIN's overall success. In the absence of more convincing evidence of a payoff from *maximizing* the use of basic education, a *more equal emphasis* on upfront job search as well as basic education activities, in combination with other factors, could be a better way of serving those lacking basic skills.

**The role of vocational training and post-secondary education.** For recipients who already possess a high school diploma or a GED and pass a literacy test, the GAIN model requires "testing the job market first" by participating in job search activities before moving on to more expensive vocational training or post-secondary education. Given this sequence, and the fact that many controls enrolled themselves in non-GAIN vocational training or post-secondary education (as did some experimentals after leaving welfare), GAIN's impact on the use of these activities was small in most counties. Thus, the evaluation can provide only limited evidence on the effects of increasing their use.

Some evidence suggests (but does not prove) that greater use of vocational training and post-secondary education *may* be an effective approach: Alameda produced the largest increase in the use of such activities by registrants not needing basic education and achieved a large earnings gain for them; it also got them better jobs (compared to employed controls). In addition, Alameda produced the largest overall financial gain for experimentals *in that subgroup* across the six counties, as measured by the benefit-cost analysis. At the same time, this strategy can also be costly from the standpoint of the government budget, with the financial return falling far short of the government's net investment per experimental in the not-in-need-of-basic-education subgroup, as was the case in Alameda.

It is therefore an equally important finding that, for this subgroup, two other study counties (Riverside and San Diego) produced large earnings gains and welfare savings, and an overall net gain for both the welfare sample and the government budget, all *without* increasing experimentals' use of vocational training and post-secondary education (compared to their use by controls). Thus, other approaches can provide an alternative route to achieving desirable earnings and welfare impacts and may be more cost-effective (although they may not lead to higher-paying jobs).

**The "message" and emphasis on quick employment and job development.** While GAIN's job search, basic education, and vocational education and training might help a county achieve positive earnings impacts, these services are unlikely to be all that matter. Among the program's other features, the "message" about employment that staff attempt to convey to registrants while they are in *all* components, and the active use of job development to establish a close link to private-sector employers, may also be critically important.

A program's employment message is an aspect of operating GAIN that transcends specific program components. As described earlier in this summary (in the section on implementation findings), the content of that message can vary widely, from more strongly emphasizing the value of any job, even a low-paying job, to encouraging participants to wait for (and prepare for) a better job. Yet, the very content of that message may be part of what determines whether participation in *any* given component will actually have a payoff in the labor market. Indeed, the finding that the best-performing county (Riverside) far more strongly and pervasively than all other counties advocated the value of any job points to the potential importance of the employment message, even to registrants assigned to education and training activities. Perhaps it contributed to Riverside's success by affecting how much effort registrants – across a variety of subgroups – made to look for a job, and how selective they were with regard to the kinds of jobs they would accept.

Job development, whereby staff directly assist registrants in locating employment opportunities, also transcends program components and may be another aspect of operating GAIN that enhances the payoff derived from participating in a GAIN component. By offering those taking part in GAIN job search or education or training a direct link to employers (as Riverside did to a far greater extent than any other county), job development may increase participants' *opportunity and incentive* to apply in the labor market what they learn in GAIN activities.

**The case of Riverside: a combination of factors**. No single implementation factor is likely to explain why one county performs better than another, and this appears to be the case in accounting for Riverside's unusually strong performance. For example, the available evidence suggests that Riverside's results appear not to be explained by differences in the background characteristics of its GAIN registrants or local economic conditions. Moreover, while it had some distinctive program features, along many dimensions the program was not unique. What most distinguished Riverside from the other counties – and, therefore, what might have contributed to Riverside's more favorable results – was its particular *combination* of practices and conditions: a pervasive employment message and job development efforts, more equal use of job search and education activities for registrants needing basic education, a strong commitment to (and adequate resources for) securing the participation of all mandatory registrants, and reliance on GAIN's formal enforcement mechanisms to reinforce the seriousness with which it viewed the participation obligation. This constellation of practices was not found in any other county.

If Riverside's success sets a new standard of achievement for welfare-to-work programs, and if a combination of program strategies explains its success, it is important to ask whether Riverside's overall approach or some of its distinctive strategies can be replicated elsewhere with the same success. On the one hand, the finding that Riverside produced similarly impressive impacts across each of its GAIN offices suggests that its approach and success can be replicated even when operated by different staff and in localities characterized by diverse labor market and local conditions. On the other hand, the variation in local conditions within Riverside County does not capture the greater variation that exists across counties. Thus, it is not a foregone conclusion that Riverside's approach – including its focus on more rapid employment and job development – would work in other types of localities, particularly in inner-city areas such as those found in Los Angeles and Alameda, or whether they would succeed in more rural, agricultural areas with persistently high unemployment, such as those found in Tulare. Also, at least in the inner-city areas, where the welfare population as a whole undoubtedly faces greater barriers to employment, a stronger employment focus may or may not help to improve their employment prospects. Also important is whether other combinations of practices can produce results as good as or (by helping more recipients get higher-quality jobs) better than those found in Riverside – e.g., by instituting a strong job development component in a program emphasizing vocational education and training, or delivering a strong employment message in a program that (unlike Riverside) actually produces a greater net increase in (i.e., impact on) the use of vocationally oriented activities. These are important questions for future evaluation efforts.

### Would changing the incentives to work produce better results?

It is also important to consider some of the limitations of GAIN. As previously mentioned, GAIN, even operating at its best, was only moderately successful in moving people off welfare and out of poverty by the end of three years. This is probably because of conditions that transcend the GAIN program, such as the economic incentive for welfare recipients to take and keep jobs. It is therefore important to ask whether GAIN's effectiveness can be enhanced by other reforms now under debate or already instituted that aim to improve the financial payoff from working. Such strategies include increasing the EITC (as the federal government has recently done), and, at the same time, increasing welfare recipients' awareness of this benefit (which this study found to be low among recipients in GAIN). Other strategies would include allowing welfare recipients to keep more of their earnings and still collect AFDC (as recent legislation in California and in other states does), and improving access to medical care (which is under debate in Congress) and child care for the working poor. Whether these and other reforms can strengthen the payoff from GAIN (or JOBS programs in other states) remains an important open question.

## TABLE 11

## THE SIX COUNTIES IN THE GAIN IMPACT STUDY AND THEIR SAMPLES (AT THE TIME THE SAMPLES WERE ENROLLED IN GAIN: MARCH 1988 THROUGH JUNE 1990)

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**Alameda**, which includes the city of Oakland, has the largest welfare caseload of single parents (AFDC-FGs), and the second-largest caseload of heads of two-parent families (AFDC-Us), among counties in the San Francisco Bay area. It was one of two evaluation counties that had a large inner-city welfare population and that enrolled only long-term recipients, a practice that was consistent with the statutory requirement for counties that did not have enough resources to serve all GAIN-eligibles. More than 80 percent of both its AFDC-FG and AFDC-U GAIN registrants were minorities; a large majority (69 percent) of its single-parent registrants were black, and a substantial proportion (40 percent) of its heads of two-parent families were Indochinese. Alameda had the second-highest proportion of registrants who were determined "in need of basic education" (65 percent for AFDC-FGs and 81 percent for AFDC-Us). The caseload size per case manager in Alameda was relatively low, about 75:1.

**Butte**, a county in northern California, had by far the smallest welfare caseload of the counties studied and the largest proportion of non-minorities (more than 85 percent of AFDC-FGs and about three-quarters of AFDC-Us). Although it enrolled a broad cross section of its mandatory GAIN caseload, Butte appeared to have the least disadvantaged AFDC-FG sample in the study, with the lowest rate of those determined "in need of basic education" (49 percent), the lowest proportion of long-term recipients (28 percent), and the second-highest proportion of registrants with a recent work history (57 percent). Butte used an unusual GAIN intake procedure in order to keep caseload size per case manager relatively low (63:1); registrants were brought into GAIN but were placed on waiting lists for up to several months until a case manager had an opening.

**Los Angeles**, with about one-third of the state's caseload and a welfare population larger than all but a few states', was the other county that had a large inner-city welfare population and that enrolled only long-term recipients. As a result, Los Angeles had the highest relative proportion of recipients in the research sample who were determined "in need of basic education" (81 percent for AFDC-FGs and 92 percent for AFDC-Us). An unusually large proportion (32 percent of AFDC-FGs and 83 percent of AFDC-Us) were not proficient in English. Los Angeles also had the smallest proportion of AFDC-FGs with a recent work history (just 17 percent) and the second-smallest proportion of AFDC-Us who had recently worked (32 percent), the highest average age (almost 39 years for AFDC-FGs and 42 for AFDC-Us), and the highest proportion of minorities (nearly 90 percent for both AFDC-FGs and AFDC-Us). Nearly 60 percent of its AFDC-U population was Indochinese. Los Angeles' program started later and was somewhat less fully developed than other counties' programs during the study period. Alone among the counties in California, Los Angeles had also contracted with a private-sector firm to conduct case management. (This contract was terminated in 1993.) Its GAIN caseload per case manager (128:1) was the highest among the six counties.

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(continued)

## TABLE 11 (continued)

**Riverside**, a large county in southern California, which has both urban and rural areas, enrolled a broad cross section of its mandatory welfare population. A substantial proportion of its registrants (60 percent for AFDC-FGs, two-thirds for AFDC-Us) were determined "in need of basic education." Approximately half of its AFDC-FG registrants were minorities, as were 57 percent of its AFDC-U registrants. While half of its AFDC-FGs had recent work experience, the rate was 72 percent for AFDC-Us. Owing to a special study of the impact of different caseload sizes, the average caseloads were about 53:1 (for one group of case managers ) and 97:1 (for the other group).

**San Diego**, with the state's second-largest AFDC-FG caseload and the fourth-largest AFDC-U caseload, enrolled a broad cross section of its caseload in GAIN. About 60 percent of its registrants were minorities, and well over half were determined "in need of basic education." The county's GAIN sample had the highest proportion of registrants who had recently worked – 59 percent among AFDC-FGs – and the second-highest among AFDC-Us (nearly 80 percent). It had the second-highest average caseload per case manager (103:1).

**Tulare** was the only county of the six that had to operate GAIN in the context of a rural and highly agricultural, seasonal labor market. A high proportion of Tulare's GAIN registrants were determined "in need of basic education" (65 percent of AFDC-FGs and nearly three-fourths of AFDC-Us). About 40 percent of its registrants were Hispanic, the highest proportion of any county. It had an average caseload per case manager, about 100:1.

# CHAPTER 1

# INTRODUCTION

This report is the eighth in a series on the effects of California's Greater Avenues for Independence (GAIN) Program, which the Manpower Demonstration Research Corporation (MDRC) is evaluating under contract to California's Department of Social Services (CDSS).[1] It presents findings on the effectiveness of GAIN in moving recipients from welfare to work over a three-year period and on the program's benefits and costs.

GAIN, which began operations in 1986, aims to increase employment and foster self-sufficiency among people receiving Aid to Families with Dependent Children (AFDC), i.e., welfare. Operating in all 58 California counties, GAIN is one of the most ambitious welfare-to-work initiatives in the United States. Among its most distinctive features is its emphasis on mandatory, upfront basic education – usually preceding or following job search efforts – for welfare recipients who lack either a high school diploma or basic literacy skills in mathematics, reading, or the English language.

In July 1989, the GAIN program, with a few modifications, became California's version of the national Job Opportunities and Basic Skills Training (JOBS) Program. The basic service sequences were not changed, but, in accordance with the JOBS legislation (the Family Support Act of 1988), GAIN's mandate was broadened to include single parents of children as young as age 3 (in addition to those whose children were all 6 years old or older) and, in some cases, the second parent in two-parent families.

MDRC's previous reports on GAIN examined the program's implementation; its effects on employment, earnings, and welfare receipt over a two-year follow-up period in six counties; and (for a subsample determined to need basic education) its effects on basic skills and educational attainment. The two-year impact study found that, together, the GAIN programs in the six counties – Alameda, Butte, Los Angeles, Riverside, San Diego, and Tulare – produced statistically significant earnings increases and reductions in AFDC payments for the (mostly female) single-parent (AFDC-FG, or family group) registrants in the two years after individuals in the research sample entered the programs. The experimental group (i.e., those randomly assigned to be in the program) earned 21 percent more, on average, than the control group (which could not enter GAIN), and received 6 percent less in AFDC payments. Moreover, in the second year, the impact on earnings was twice the size of the first-year impact, and the reduction in welfare payments was about 23 percent larger. The effects varied substantially across the counties, with one county (Riverside) having had unusually large impacts and another county (Tulare) having had virtually no impacts. The other four counties also produced significant impacts in the two years, although not always on earnings *and* AFDC payments, and not for all subgroups of GAIN registrants. The effects on the (mostly male) heads of two-parent families (AFDC-Us, or unemployed parents) were roughly the same in the second year as in the first year, although the earnings impacts tended to decline over the course of the second year.

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[1] MDRC's previous reports on GAIN are: John Wallace and David Long, *GAIN: Planning and Early Implementation* (1987); James Riccio, Barbara Goldman, Gayle Hamilton, Karin Martinson, and Alan Orenstein, *GAIN: Early Implementation Experiences and Lessons* (1989); Karin Martinson and James Riccio, *GAIN: Child Care in a Welfare Employment Initiative* (1989); Stephen Freedman and James Riccio, *GAIN: Participation Patterns in Four Counties* (1991); James Riccio and Daniel Friedlander, *GAIN: Program Strategies, Participation Patterns, and First-Year Impacts in Six Counties* (1992); Daniel Friedlander, James Riccio, and Stephen Freedman, *GAIN: Two-Year Impacts in Six Counties* (1993); and Karin Martinson and Daniel Friedlander, *GAIN: Basic Education in a Welfare-to-Work Program* (1994).

More recently, MDRC's special report on basic education in GAIN (1994) found that GAIN was successful in increasing receipt of a General Educational Development (GED) certificate (compared to GED attainment by the control group).[2] The impacts were relatively large in Tulare (19 percentage points) and Alameda (8 percentage points), small in Los Angeles and Riverside, and in the middle (4 percentage points) in San Diego. (Butte was not included in this study.) The study also analyzed whether GAIN increased the basic skills levels of welfare recipients as measured by a literacy test – the Test of Applied Literacy Skills (TALS). (The test was administered in English, so those individuals in the sample who were not proficient in English were not tested.) San Diego's GAIN program produced large and statistically significant impacts on TALS scores. No other county produced measurable impacts, and there was no impact for all counties combined, although small skills gains may have gone undetected.

This report builds upon the previous analyses in several ways: by measuring GAIN's labor market and welfare effects over a full three years of follow-up (and longer for groups – or "cohorts" – that entered the sample early); by presenting findings on a host of other economic and noneconomic outcomes based on new information from a survey of registrants two to three years after they became part of the research sample; by providing detailed information on program costs; and by including the results of a comprehensive benefit-cost analysis. As in the previous studies, this report presents separate impact findings for each of the six counties, recognizing that the program's effects may have varied because of differences in the way the counties chose to implement GAIN as well as differences in the demographics of their caseloads and in local economic and other conditions. These alternative approaches have themselves been fostered by the manner in which California's welfare system is run: Each county administers its own welfare agency under the supervision of CDSS. Thus, county administrators can exert significant control over the day-to-day operation of the program and the emphasis placed on different implementation strategies. Through a comparison of the six research counties, the previous reports began to examine whether differences in the counties' implementation practices and conditions contributed to their differences in program impacts. This report continues that analysis using the three-year follow-up data. However, for reasons discussed below, this type of assessment cannot be of the same level of rigor as the determination of whether or not GAIN was effective *within* each county.

It should be noted that the results presented in this and the previous reports reflect the accomplishments of GAIN largely as the program was implemented in the six counties from the late 1980s through 1991. (The study sample was enrolled in GAIN between March 1988 and June 1990.) Because, naturally, these programs have revised some of their operating strategies over time, the results do not necessarily reflect what the effects of GAIN would be today in those same counties.

Results from the GAIN evaluation continue to be important for other states and the federal government because little other information is available on the impact and cost-effectiveness of a large-scale welfare-to-work program that puts a major emphasis on upfront basic education in addition to job search and a range of vocational training options.[3] Also, California includes about one-sixth of the nation's AFDC population, and GAIN accounted for a large share (almost 13 percent) of the federal government's total JOBS spending for fiscal year 1993. Furthermore, over 26 percent of all federal and state expenditures on AFDC in the United States were spent in California in that year. (The rate was 29 percent in February 1994.) Thus, California's experiences are particularly important in the continuing national debate over welfare reform.

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[2] This credential is given to those who pass the GED test and is intended to signify knowledge of basic high school subjects.

In its emphasis on basic education – and on serving longer-term welfare recipients – GAIN is similar to the JOBS programs in many other states. However, though broadly relevant, the GAIN model differs substantially from many other states' approaches. In particular, GAIN's highly specific sequences – including, in varying arrangements, job search, basic education, and other education and training activities – are unusual. More typically, welfare recipients begin the JOBS program in other states with an in-depth assessment of their needs and interests, and they are permitted greater choice over their initial activity assignment.[4] Also, during the time the sample in this study entered GAIN,[5] and for part of the follow-up period for this evaluation, most California counties enrolled the full GAIN-mandatory caseload, in contrast to the emphasis in many other states on serving volunteers first. Finally, California's AFDC grant levels are among the highest in the nation.[6] Grant levels can affect work incentives and the relationship between work and welfare in a number of ways: High grants can reduce the relative attractiveness of low-paying jobs, but they also allow people to work and still remain on welfare, which, in certain cases, can increase work incentives. A state's grant levels may thus affect a program's impacts by hindering or reinforcing a program's efforts to move recipients into jobs and off welfare.

## I. The GAIN Model

The GAIN model begins at the county welfare department's Income Maintenance office. (Figure 1.1 illustrates the basic sequences in simplified form.) Here, when determining initial or continuing eligibility for welfare, the staff register GAIN-mandatory AFDC applicants and recipients for the program, and offer to register recipients who are GAIN-exempt but might wish to volunteer for the program. As indicated above, the pre-JOBS rules defining mandatoriness for GAIN exempted single parents with children under the age of 6, a group that accounts for about two-thirds of all single-parent AFDC recipients. No such exemption existed for the heads of two-parent families.

After registration, eligibility workers refer new registrants to the GAIN office for orientation and appraisal. At orientation, the opportunities and obligations of the program are explained, and the registrant takes a basic reading and mathematics test. As part of the appraisal interview, the assigned

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[3] Most of the programs evaluated prior to JOBS emphasized primarily job search and subsidized work experience. See Gueron and Pauly, 1991.

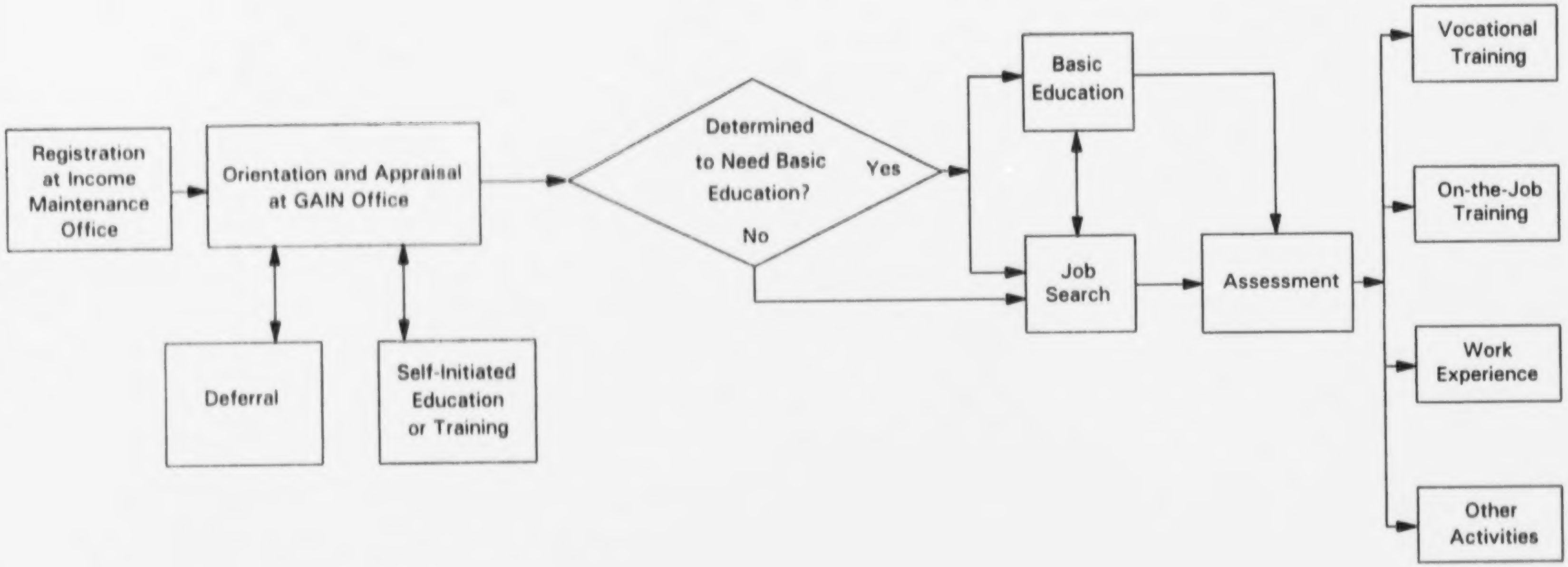
[4] See, e.g., Hagen and Lurie, 1992; Lurie and Hagen, 1993.

[5] Entry into the research sample (i.e., random assignment) began in March 1988 (in Butte) and ended in June 1990 (in Tulare).

[6] In California, the basic AFDC grant for a family of three was $607 in January 1994, which was reduced from $624 in January 1993 and $663 in January 1992. Grant levels are higher only in Alaska, Hawaii, Connecticut, and Vermont.

## FIGURE 1.1

## SIMPLIFIED DEPICTION OF THE GAIN PROGRAM MODEL


Registration at Income Maintenance Office
Orientation and Appraisal at GAIN Office
Deferral
Self-Initiated Education or Training
Determined to Need Basic Education?
Yes
No
Basic Education
Job Search
Assessment
Vocational Training
On-the-Job Training
Work Experience
Other Activities

NOTE: Registrants can leave the GAIN program at any point because of employment or deregistration from GAIN for other reasons.

case manager reviews the registrant's background characteristics, including circumstances that might prevent her or (much less commonly) him from participating in GAIN. The registrant is then either referred to a GAIN activity or deferred (i.e., temporarily excused from participating). GAIN's support services, such as child care and transportation, are arranged at this time if the registrant needs them to take advantage of the program's activities.[7] Participation in GAIN is expected to continue until the individual finds employment, leaves welfare, or is no longer required to participate for other reasons. Failure to comply with program rules can result in a "sanction" (i.e., a reduction or termination of the monthly welfare grant).[8]

As noted above, not all those who attend an orientation are expected to take part in a GAIN activity. GAIN's regulations permit temporary deferral from the participation requirement for those who have a part-time job, temporary illness, family emergency, or another situation that precludes attending an activity. Welfare recipients are also not required to remain registered for GAIN if they meet certain exemption criteria such as getting a full-time job (of at least 30 hours per week) that does not pay enough to make a person ineligible for AFDC or being chronically ill. These individuals are officially removed (i.e., "deregistered") from the program, as are those who leave AFDC entirely for employment or other reasons. Still others who *are* expected to participate but choose not to may be sanctioned.

As shown in Figure 1.1, GAIN has two primary service tracks. Registrants who do not have a high school diploma or a General Educational Development (GED) certificate, score low on either the reading or mathematics part of the basic skills test,[9] or are not proficient in English are determined by GAIN regulations to be "in need of basic education." They usually enter one of three basic education programs: GED preparation, Adult Basic Education (ABE), or English as a Second Language (ESL). Registrants on this track may elect to pursue job search assistance first, but must then enroll in a basic education class if they do not find a job. Alternatively, they may choose to participate in basic education first and then job search, or they may elect to attend job search and basic education concurrently.

The second major track is for registrants who are determined "not in need of basic education" (i.e., they have a high school diploma or a GED, pass the literacy test, and are deemed to be proficient in English). They are usually referred first to a job search activity.[10] Job search activities include job club – group training sessions in which participants learn basic job-seeking and interviewing skills – and supervised job search, in which participants have access to telephone banks, job listings, employment counseling, and other assistance under staff supervision.[11] Job search activities usually last for three weeks.

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[7] GAIN helps registrants find, and pays for, child care services for children who are under age 13 – assistance that continues for a one-year transitional period if the registrant leaves welfare for employment. (Under special circumstances, GAIN child care is also available for children age 13 and older.) GAIN also reimburses program participants for relevant public transportation costs (unless a car is essential) including transportation for their children to and from a child care facility. Participants may also receive assistance with program-related expenses such as tools and books. Finally, GAIN funds can be used to identify the need for counseling for personal or family problems that arise from or hinder participation or employment and to make an appropriate referral. For details on GAIN's support services, see Riccio et al., 1989.

[8] Prior to JOBS, registrants who were heads of two-parent families lost their entire grant if they were sanctioned, whereas single parents lost only the parent's (not the children's) portion of the grant. Under JOBS, the heads of two-parent families who are sanctioned similarly lose only the parent's share of the grant. (Both parents may be sanctioned if both are noncompliant.) The exact dollar amount of a sanction varied with family size and changes in grant levels over the years. In January 1993, when the welfare grant was $624 per month for a family of three, a sanction would have reduced the family's grant by $120.

[9] The screening test is the Comprehensive Adult Student Assessment System (CASAS) test, and a score lower than 215 on the reading or mathematics portion is a criterion for designating a person to be "in need of basic education."

A third track is available for registrants who began an education or training activity *prior* to attending an orientation and appraisal (and irrespective of whether their appraisal determined them to be in need of basic education). At the appraisal session, the registrant's case manager decides whether the activity furthers the registrant's employment goal and whether the goal is consistent with the types of jobs for which workers are in demand in the local labor market. If the decision is yes, the case manager may authorize the registrant to continue attending the program as a GAIN activity and to be eligible (for no more than two years) for GAIN's support services. Such an activity is referred to in GAIN as "self-initiated" education or training.

Registrants who complete their upfront activities without having found a job must participate in a formal assessment of their career plans and work out an individual employment plan. They are then referred to "post-assessment" activities intended to further their employment plan. Possible activities include vocational or on-the-job training, unpaid work experience (which in GAIN is referred to as PREP),[12] supported work,[13] or other forms of education and training. For some individuals, a 90-day job search (which can be supervised or unsupervised and include job club activities and other services) follows the post-assessment activity. If this fails to lead to a job, registrants are assigned to a PREP activity and then assessed again and another activity is selected.

In most of California's 58 counties, GAIN operates through a network of service providers in the community, with the welfare department at the center. Typically, the county welfare departments register people for GAIN, manage the overall program, provide case management, develop PREP positions, and, in some cases, conduct job clubs and other job search activities. With a few exceptions, the rest of the GAIN program functions and services are the responsibility of agencies outside the welfare department. For example, adult schools – and sometimes community colleges and other organizations – supply basic education services, often using state Job Training Partnership Act (JTPA) "8 percent funds" (i.e., funds set aside for education and, in California, a portion of which was earmarked specifically for GAIN participants). Community colleges, proprietary schools, regional occupational centers, and JTPA vendors typically provide vocational education and training. Also, in many counties, the local offices of the state's Employment Development Department (EDD) operates GAIN's job club and other job search components. In addition, most counties rely on local child care resource and referral agencies (although to different degrees) to help registrants find child care and often to make arrangements with child care providers; frequently, the GAIN staff also take part in this process.

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[10] Individuals who do not need basic education and who have a recent history of having left welfare because of employment can be referred directly to assessment.

[11] Some counties assign some individuals to unsupervised job search prior to an assessment.

[12] PREP (Pre-Employment Preparation) is unpaid work experience in a public or nonprofit agency. PREP assignments can be short-term, lasting up to three months, or long-term, lasting up to one year. The number of hours of the work assignment are determined by adding the recipient's grant (less any child support the noncustodial parent has paid to the county) and the Food Stamp allotment, and dividing that sum by the statewide average hourly wage. PREP work assignments cannot exceed 32 hours per week.

[13] Supported work is paid work experience, in a group setting, for participants with little work history. It is characterized by close on-site supervision, peer support, and gradually increased responsibilities. A closely associated activity is transitional employment, which provides less intensive supervised training in a work setting. Neither of these activities was used in the six research counties for the sample included in this study.

## II. The Research Counties

The six counties in the study of GAIN's impacts represent diverse geographical regions of the state, vary widely in local economic conditions and population characteristics, and constitute a mix of urban and rural areas. (See Figure 1.2 and Table 1.1.) They include three large, mostly urban, southern counties (Los Angeles, Riverside, and San Diego); one county in the Central Valley, a rural region dominated by agriculture (Tulare); a moderate-sized county in the San Francisco Bay area (Alameda, which includes the City of Oakland); and one northern county (Butte) that has the smallest population of the six counties. Two of the counties (Alameda and Los Angeles) include large inner-city neighborhoods, and all but Butte are home to sizable populations of recent Asian and Hispanic immigrants and refugees.

Partly reflecting differences in their geography, funding levels, and the degree of dispersion of their welfare populations, two of the counties operated their GAIN program out of a single location (Alameda and Butte), while the others established several local GAIN offices (San Diego, with eight, had the most). The total GAIN caseload ranged from 2,531 in Alameda to 24,397 in San Diego at the end of December 1990 (which was six months following the completion of sample intake for this evaluation).[14]

Although the GAIN participants in these six counties were not strictly representative (in a pure statistical sense) of GAIN registrants in California as a whole, together they accounted for about one-third of the state's entire GAIN caseload in December 1990. (Over half of the entire state AFDC caseload lived in these counties, with 34 percent of all cases having been located in Los Angeles alone.) Thus, while the results of the evaluation are not generalizable to the state as a whole, they do provide a test of GAIN as implemented under a wide range of conditions found across California.

All of the research counties began operating their GAIN program between January 1987 (Butte) and October 1988 (Los Angeles). (See Table 1.1.) During the period of random assignment (to be explained shortly), Butte, Riverside, San Diego, and Tulare operated a "universal" program by

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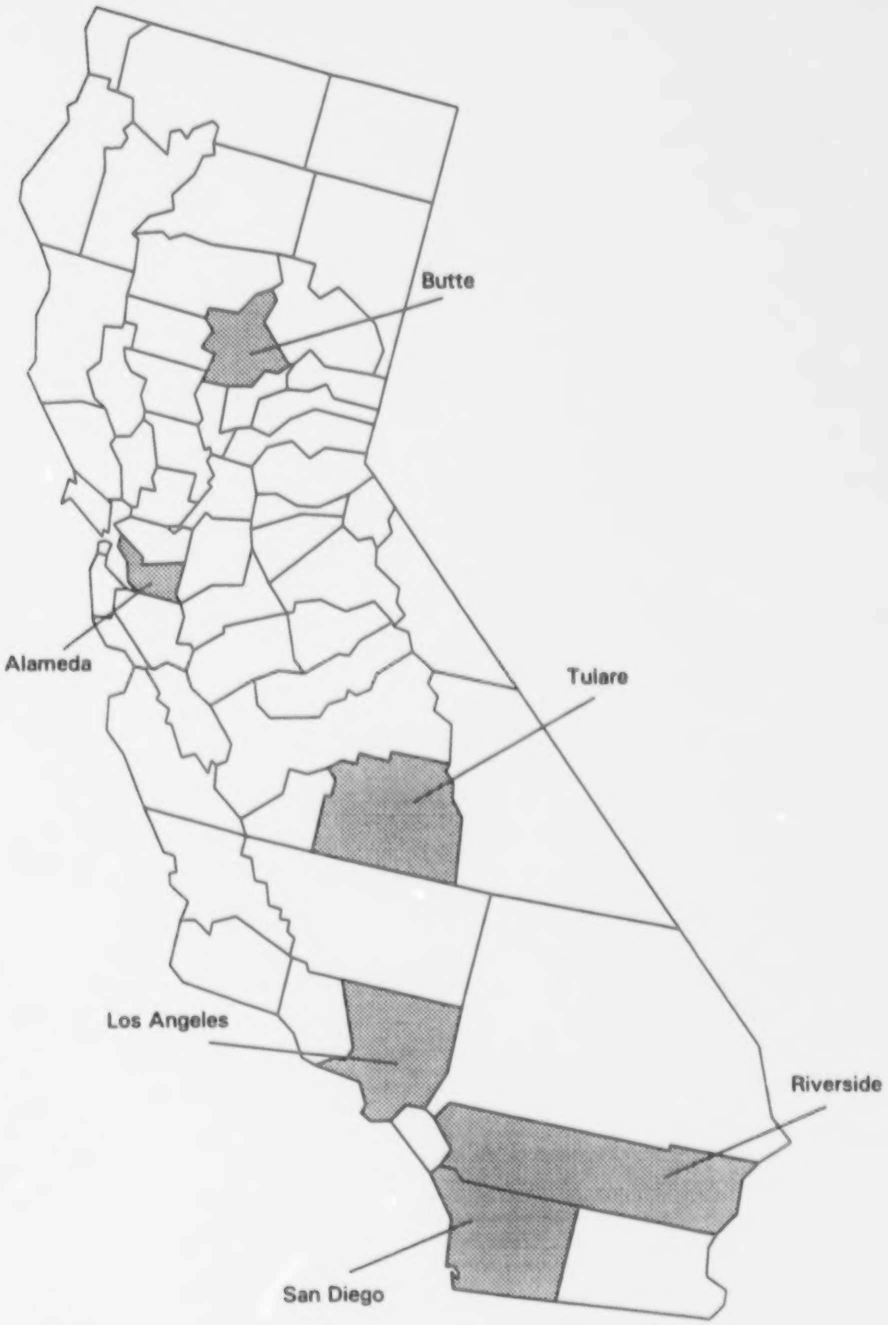
[14] The average *statewide* GAIN caseload in July 1990–June 1991 was 178,676 cases per month. As a result of decreased funding, this average fell to 164,253 cases per month in July 1991–June 1992. In December 1990, approximately 27 percent of all AFDC cases statewide were registered for GAIN. By December 1992, this had declined to approximately 18 percent (14 percent of AFDC-FG cases and 35 percent of AFDC-U cases). According to estimates obtained from CDSS in June 1994, total federal, state, and local expenditures for GAIN (not counting "community resources," such as the substantial amount of JTPA and California State Department of Education monies earmarked for serving GAIN students but not controlled by CDSS) were almost $198 million in state fiscal year 1990-1991. They fell to almost $183 million in 1991-1992, and then to about $167 million in 1992-1993.

## FIGURE 1.2

## MAP OF CALIFORNIA SHOWING THE SIX COUNTIES PARTICIPATING IN THE GAIN IMPACT RESEARCH


Butte
Alameda
Tulare
Los Angeles
Riverside
San Diego

71

## TABLE 1.1

## SELECTED CHARACTERISTICS OF THE GAIN RESEARCH COUNTIES

| Characteristic | Alameda | Butte | Los Angeles | Riverside | San Diego | Tulare |
|---|---|---|---|---|---|---|
| Date began operating GAIN program | 9/88 | 1/87 | 10/88 | 9/87 | 10/87 | 7/88 |
| Period of random assignment | 7/89–5/90 | 3/88–3/90 | 7/89–3/90 | 8/88–3/90 | 8/88–9/89 | 1/89–6/90 |
| Period covered by program tracking data | 7/89–4/91 | 3/88–2/90 | 7/89–5/91 | 8/88–3/90 | 8/88–2/90 | 1/89–4/90 |
| Period covered by employment and earnings data | 7/89–6/93 | 3/88–6/93 | 7/89–6/93 | 8/88–6/93 | 8/88–6/93 | 1/89–6/93 |
| Period covered by welfare data | 7/89–6/93 | 3/88–9/93 | 7/89–9/93 | 8/88–9/93 | 8/88–6/93 | 1/89–6/93 |
| Period covered by registrant survey data | 7/89–3/93 | n/a | 7/89–3/93 | 11/88–10/91 | 1/89–9/91 | 4/89–7/92 |
| Average monthly unemployment rate (a) (%) | | | | | | |
| July 1988–June 1989 | 4.4 | 8.0 | 4.6 | 6.7 | 4.1 | 10.3 |
| July 1989–June 1990 | 4.0 | 7.4 | 5.2 | 6.6 | 3.9 | 10.7 |
| July 1990–June 1991 | 4.9 | 8.7 | 6.8 | 9.5 | 5.6 | 15.3 |
| July 1991–June 1992 | 5.8 | 10.2 | 8.8 | 10.7 | 6.5 | 14.9 |
| July 1992–June 1993 | 6.6 | 11.9 | 10.1 | 12.8 | 7.7 | 15.4 |
| Annual change in number of county residents employed (a) (%) | | | | | | |
| July 1988–July 1989 | 3.5 | 3.9 | 2.9 | 8.2 | 5.7 | 2.6 |
| July 1989–July 1990 | −2.5 | −1.0 | 6.3 | 7.8 | −2.7 | 4.9 |
| July 1990–July 1991 | −2.4 | −2.7 | −2.2 | −0.8 | 0.2 | −1.5 |
| July 1991–July 1992 | 1.6 | 5.6 | −1.8 | 4.3 | 1.1 | 3.6 |
| Average annual change in number of county residents employed, from July of county's first year of random assignment to July 1992 (%) | −1.1 | 1.5 | 0.8 | 4.9 | 1.1 | 2.3 |
| Population living in rural areas, 1990 (%) | 0.3 | 14.8 | 0.9 | 14.4 | 4.4 | 32.7 |
| Employed in agriculture, 1990 (%) | 1.0 | 6.1 | 1.3 | 4.4 | 2.4 | 18.7 |
| Number of welfare cases, December 1990 (b) | | | | | | |
| AFDC–FG | 27,245 | 4,432 | 208,016 | 21,823 | 45,123 | 11,497 |
| AFDC–U | 3,060 | 1,231 | 23,340 | 2,177 | 5,835 | 3,176 |

(continued)

## TABLE 1.1 (continued)

| Characteristic | Alameda | Butte | Los Angeles | Riverside | San Diego | Tulare |
|---|---|---|---|---|---|---|
| Proportion of California AFDC caseload in county (AFDC–FG and AFDC–U combined), December 1990 (c) (%) | 4.4 | 0.8 | 33.7 | 3.5 | 7.4 | 2.1 |
| Number of GAIN registrants, December 1990 (d,e) | | | | | | |
| AFDC–FG (mandatory) | 1,595 | n/a | 13,817 | 5,886 | 15,982 | 3,451 |
| AFDC–U (mandatory) | 251 | n/a | 3,899 | 2,489 | 6,426 | 1,925 |
| Exempt volunteers (AFDC–FG and AFDC–U) | 685 | n/a | 7 | 354 | 1,989 | 249 |
| Total | 2,531 | n/a | 17,723 | 8,729 | 24,397 | 5,625 |
| Proportion of California GAIN caseload in county (AFDC–FG and AFDC–U combined), December 1990 (e,f) (%) | 1.4 | n/a | 9.7 | 4.8 | 13.3 | 3.1 |
| Proportion of welfare cases registered for GAIN, (AFDC–FG and AFDC–U combined), December 1990 (e) (%) | 8.4 | n/a | 7.7 | 36.4 | 47.9 | 38.3 |
| Number of GAIN offices in evaluation | 1 | 1 | 5 | 4 | 8 | 5 |
| GAIN mandatory caseload members targeted for registration | Long–term recipients only (g) | All | Long–term recipients only (g) | All | All | All |

SOURCE: California Employment Development Department (EDD) (unemployment rates, number of county residents employed, and percentages employed in agriculture); U.S. Bureau of the Census, 1990 (percentages in rural areas); California Health and Welfare Agency (welfare and GAIN data).

NOTES: (a) These estimates are based on data up to and (for the number of employed residents) including data from the "March 1993 Benchmark" estimates released by EDD in March 1994. Final revised estimates for July 1992–July 1993 were not available at that time. Preliminary estimates for unemployment rates for July 1992–June 1993 are included in this table because they are likely to be close to the final estimates. Preliminary data on changes in the number of employed residents between July 1992 and July 1993 are not included because these data are considered less reliable.

(b) A "welfare case" is defined as a single–parent (AFDC–FG) or two–parent (AFDC–U) household that received an AFDC payment during December 1990 and remained eligible to receive AFDC at the end of the month.

(c) The statewide AFDC caseload at the end of December 1990 was 686,792.

(d) GAIN registrants include AFDC applicants and recipients who registered for GAIN and were still eligible for GAIN services at the end of December 1990. In San Diego county, the number of AFDC–U GAIN registrants exceeded the number of AFDC–U cases. Several factors could account for this discrepancy: registration of the second parent in the household; more AFDC applicants than recipients among those newly registered for GAIN; and delays in the deregistration of GAIN registrants who had recently left AFDC.

(e) Where data are not available, "n/a" is used.

(f) The statewide GAIN caseload at the end of December 1990 was 183,127.

(g) In Alameda, the long–term recipients served in GAIN had been continuously receiving AFDC for more than two years. In Los Angeles, the long–term recipients served had been continuously receiving AFDC for three years or more.

registering all welfare applicants and recipients whose participation in GAIN was mandatory. (As previously noted, others who were exempt from the participation requirement were allowed to volunteer.) In contrast, Los Angeles and, in almost all cases, Alameda registered only *long-term* welfare recipients whose participation in GAIN was mandatory, in accordance with GAIN regulations that require counties to give priority to long-term recipients when funding constraints do not permit services for all eligible clients. Los Angeles registered only welfare recipients who had received AFDC for at least three consecutive years. Alameda began by registering mandatory individuals who had been receiving AFDC since 1980 but subsequently registered more recent welfare recipients.[15] For the most part, however, its sample consisted of recipients who had been continuously receiving AFDC for more than two years.

As will become apparent below, the different intake policies across the counties, along with differences in the general makeup of each county's local population, yielded research samples that varied markedly in their demographic composition. This is an important fact, which must be kept in mind when comparing the impacts of GAIN across the six counties.

Table 1.1 presents trends in unemployment rates in each county during the period of random assignment (which began in some counties in 1988) as well as through the end of the follow-up period for this report (June through September 1993).[16] Overall, unemployment rates were generally increasing toward the end of the follow-up period, a pattern influenced by the state and national economic recession. Indeed, in four of the six counties (Butte, Los Angeles, Riverside, and Tulare), the average monthly unemployment rate exceeded 10 percent in the period from July 1992 through June 1993.[17] Tulare consistently had the highest unemployment rates, which remained at about 15 percent for the three-year period from July 1990 to June 1993, and over 10 percent since July 1988. (A severe freeze in early 1991, which destroyed much of the crop in that largely rural and agricultural area, contributed to this rise in unemployment rates.) Alameda and San Diego had the lowest unemployment rates toward the end of the follow-up period, but there, too, the rates had risen over time. (Moreover, unemployment rates in Oakland, where most of Alameda's GAIN clients lived, were higher than for the county as a whole.)

A somewhat different picture of local economic conditions emerges when an alternative measure – the annual rate of change in the number of county residents employed – is considered. (See Table 1.1.) Over the course of the follow-up period (i.e., from July in the year the county began random assignment through June 1992), Riverside had the highest growth rate (an average increase of 4.9 percent per year) on this measure, which may be indicative of better opportunities for finding jobs (although it also reflects a growing population overall). It is important to point out, however, that even in these counties, as Table 1.1 shows, the rate of growth was not even from year to year, and each of them experienced a net reduction in employed residents in some of the years. For example, Riverside's growth rate was highest in the first two years. Overall, average annual growth rates were lower in the other counties. Tulare experienced an average increase of 2.3 percent per year. San Diego had an average increase of 1.1 percent per year. Los Angeles had very little growth in the number of employed residents, while the rate was slightly negative for Alameda.

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[15] Prior to the start of the evaluation, Alameda gave priority to long-term recipients, within both the GAIN-exempt and non-exempt groups, who *volunteered* for the program. After the start of the evaluation, only long-term recipients in the non-exempt group were given priority, whether or not they volunteered.

[16] As noted earlier, random assignment began first in Butte and was completed last in Tulare. Data collection for employment and earnings ended in June 1993, which was three years after the last person to come into the evaluation was randomly assigned. Data collection for welfare outcomes ended in June 1993 in three counties and in September 1993 in the other three. A minimum of three years of follow-up data is thus available on all sample members. However, the earlier registrants entered the sample, the longer was the period of follow-up for them.

[17] The unemployment rates and number of county residents employed that are presented in Table 1.1 may differ somewhat from the numbers presented in a similar table in previous MDRC reports for the period before July 1992 because more complete information for those prior years became available to the agencies that collected the data.

Although the county variation on this measure does not correspond well with the pattern of unemployment rates, the two measures together illustrate the more general point that the counties faced quite different local circumstances in operating their GAIN program, another consideration when comparing county impacts.

## III. An Overview of the Research Design

To test the effectiveness of GAIN in increasing welfare recipients' employment and earnings and reducing their use of AFDC, a random assignment research design was instituted in each of the six counties. All individuals who, during the period of sample intake, were designated at the Income Maintenance office as mandatory registrants for GAIN[18] *and* attended a program orientation at the GAIN office were randomly assigned to either an experimental group, which was eligible to receive GAIN services and was subject to the participation mandate, or to a control group, whose members were not eligible for those services – including GAIN's child care services – and were not subject to the mandate. (See Appendix Figure A.1.) Members of the control group remained wholly excluded from the GAIN program for at least three years (i.e., the entire minimum follow-up period covered by this report) and, with some possible exceptions, for another two years as well.[19] The controls could, however, seek alternative services in the community on their own initiative. Later, both groups – which together make up the research sample for the study of GAIN's impacts – were followed up. The differences in their employment, earnings, and welfare receipt represent the measured impacts – or effects – of GAIN.

In some other studies of welfare-to-work programs, random assignment took place when people came to the Income Maintenance office, rather than later, at program orientation, as it did in the GAIN evaluation. Under the former type of design, the impact sample includes individuals who never show up at a program orientation as well as those who do, and thus fully represents the caseload of individuals referred to the program. When random assignment is placed later, at orientation, registrants who do not show up for the program – a potentially sizable group[20] – are not part of the research sample. Thus, the results cannot be directly generalized to the entire caseload of registrants referred from the Income Maintenance office. This issue, which is explored further in Chapter 4, is important when comparing the results of the GAIN evaluation with those of other studies.

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[18] As noted above, the mandatory population was broadened under JOBS, but this report focuses on the groups considered mandatory for GAIN under the pre-JOBS rules – i.e., single parents whose youngest child was 6 or older and the heads of two-parent families. A special section of Chapter 4 examines GAIN's effects (in three counties) on single parents who had a child under age 6.

[19] For the subsequent two years, controls were neither required nor encouraged to register for GAIN, although they could enter the program at their own insistence if openings were available. This policy was adopted to facilitate the estimation of GAIN's impacts over a longer period of follow-up for early cohorts and, if feasible, for the full sample as well.

Table 1.1 shows that the random assignment period for the GAIN impact study started and ended at different times in each of the six counties. (Random assignment concluded when the number of people required for the research had been enrolled in the sample.) Butte, the smallest of the six counties, conducted random assignment for about two years, from March 1988 to March 1990. The process was shorter in the other counties, ending everywhere no later than June 1990. Overall, about 55 percent of the research sample were registered prior to July 1989, the date of GAIN's transition to JOBS.

Random assignment began in each county sometime between 7 and 14 months after the county began operating GAIN. The lag between the program and random assignment start dates was intended to allow the counties some opportunity, prior to the study period, to address the inevitable problems associated with beginning a new program. Nonetheless, as indicated earlier, program procedures and policies have continued to evolve as administrators and staff refine their approaches and acquire more experience in operating GAIN. At the same time, these individuals have continued to face other major challenges, such as the transition to JOBS in July 1989 and the large reduction in state GAIN funds in 1991-1992. One consequence of the funding cutback was a reduction or, in some counties, a temporary suspension of the client intake process. Not only did this cause some disruption in program operations, but it also made it difficult to ensure that experimentals who left welfare would be subject once again to GAIN's participation mandate if and when they returned to the rolls. Thus, for some registrants, GAIN's participation mandate was less continuous, their long-term use of GAIN services was lower, and, hence, the total GAIN cost of serving them was less than if GAIN had operated as a fully funded program during the entire evaluation period. These circumstances should be kept in mind as part of the context for this report.

## IV. The Riverside Case Management Experiment

An additional feature of the GAIN evaluation is a special study conducted in Riverside County on the effects of assigning GAIN registrants to case managers with different-size caseloads. One group of case managers was assigned half as many registrants as the other. Although the actual average ratio of registrants to case managers fluctuated over time, the 2-to-1 difference was maintained throughout the random assignment period and for approximately a year thereafter. Furthermore, all case managers, as well as all registrants in the experimental group, were randomly assigned to either the higher or lower caseload group.

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[20] Although the orientation "no-show" rate was not measured in the six counties discussed in this report, it was measured in seven of the eight counties included in MDRC's 1989 implementation report (Riccio et al., Chapter 4). In that sample, nearly one-third of all mandatory registrants did not show up for an orientation and appraisal within six months of their scheduled orientation. By the end of the six-month follow-up period, roughly two-thirds of those who did not attend an orientation had either left welfare or were officially excused from participating in the program.

This special experiment was designed to test whether assigning registrants to staff with smaller caseloads, and allowing staff to monitor them more closely and work with them more intensively, would produce larger impacts on employment and earnings and larger welfare savings. These findings are presented in the separate sections of the impact chapters of this report. (Thus, except where specified, all findings for Riverside refer to the county as a whole – i.e., both groups combined.)

## V. The Research Sample

The analyses in this report concern participation, impact, and benefit-cost findings for GAIN-mandatory registrants who were determined to be mandatory according to the rules in effect prior to July 1989, when JOBS rules took effect. Under the pre-JOBS rules, single parents were usually exempted from the participation mandate if they had a child younger than age 6. Thus, the *research sample* for this report (and the earlier reports on GAIN's first- and second-year impacts) is composed of single parents (AFDC-FGs), most of whom had children no younger than age 6[21] and unemployed heads of two-parent families (AFDC-Us). (Under pre-JOBS rules, AFDC-U registrants were mandatory even if they had a child under the age of 6, and this remains true under JOBS rules.) Altogether, the research sample includes more than 33,000 experimentals and controls, approximately 69 percent of whom are AFDC-FGs and 31 percent of whom are AFDC-Us. (About 22 percent of the AFDC-FGs and 31 percent of the AFDC-Us were randomly assigned to the control group, with the actual proportions varying across the counties and over time in some counties.)[22]

The impact findings cover a period of at least three years of follow-up for sample members. Impacts are also presented for an "early cohort" of each county's full AFDC-FG and AFDC-U samples. These registrants were randomly assigned early during the period of sample intake, making it possible to examine GAIN's impacts for them in a fourth year of follow-up. However, these fourth-year impacts may not necessarily reflect those for a county's full research sample if the county's early and later registrants differed in their background characteristics, the labor market conditions they faced, the way GAIN was operated when they were in the program, and other factors. Therefore, the fourth-year findings included in this report should be interpreted more cautiously than the full-sample results.

Some data were also collected for a *supplementary sample* of 1,820 AFDC-FG registrants in Riverside and 493 in Tulare who had children between the ages of 3 and 5 and who were GAIN-mandatory starting in July 1989 under the new JOBS rules. Although participation and cost data were not collected for this supplementary sample, data necessary for calculating GAIN's three-year impacts on their employment, earnings, and welfare receipt were collected, and the results are included in a separate section of Chapter 4.[23] *Except where specified, all tables in this report exclude this supplementary sample.*

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[21] As discussed below, the samples in most counties also include some registrants who did have children younger than age 6 if they were considered mandatory by virtue of already being away from their children for more than "brief and infrequent" periods of time, owing to school attendance, employment, or other reasons, as specified in the GAIN regulations. In Alameda, the proportion was much higher because of misclassification of some recipients.

[22] As explained below, a small portion of the sample (289 sample members) had to be dropped from the impact analyses primarily because of missing information on key identifying and background characteristics.

## VI. Data Sources

### A. Administrative Records Data

For the impact analysis, data on welfare receipt and welfare payment levels, and on Food Stamp benefits, were obtained on all experimentals and controls from each county's computerized welfare payment records. Employment and earnings data and Unemployment Insurance (UI) benefit payments (which are included in the benefit-cost analysis) came from the computerized California State Unemployment Insurance Earnings and Benefits Records. These data were collected for a period that began up to two years prior to random assignment (depending on the county) through June 1993 (September 1993 for the welfare and Food Stamps data in three counties).

### B. Registrant Survey Data

The impact analysis also uses data from a survey of registrants to assess GAIN's effects on a variety of other economic and noneconomic outcomes in four counties: Alameda, Riverside, San Diego, and Tulare. (See Appendix B for an assessment of the survey sample's representativeness of the full impact sample in these counties.) Each respondent was interviewed within two to three years after becoming a member of the evaluation's research sample.[24]

For the AFDC-FG analysis, the survey sample in each county included approximately 350 control group respondents and, except in Riverside, approximately 340 experimental group respondents. Riverside had about double the number of experimental group members surveyed in order to ensure that a sufficient number of registrants from both its "regular" (i.e., larger) caseload group and "enhanced" (i.e., smaller) caseload group would be represented in that county's survey sample.[25] (See the above discussion of the Riverside case management experiment.)

The survey also included a small sample from Los Angeles, but respondents in the control group there were determined not to be sufficiently representative of controls in the full impact sample to permit a reliable comparison of outcomes for experimentals and controls. Thus, no impacts are estimated for Los Angeles using the survey data. However, some of the survey data on Los Angeles's experimentals (whose survey respondents were sufficiently representative of the county's full sample of experimentals) are used in the implementation and cost analyses. The survey was not conducted in Butte because of the evaluation's limited survey budget.

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[23] In all of the counties, any person who, under the new JOBS criteria, became mandatory for GAIN (and who would not have been mandatory under the pre-JOBS criteria), and who attended a GAIN orientation session between July 1989 and the end of random assignment, was to be included in the supplementary research sample. In Los Angeles and San Diego, few if any individuals fitting this description attended GAIN orientation within the period of random assignment. In Butte, a small number did, and were randomly assigned; they were too few in number, however, to permit a reliable estimation to be made of GAIN's impacts on them. In Alameda, as discussed below, a sizable number of registrants with children between the ages of 3 and 5 were enrolled in the main research sample rather than the supplementary sample because of a classification error. None of the counties enrolled an adequate number of AFDC-U "second parents" (i.e., the spouse of the person defined as the family head) – a group that was also newly mandatory under the JOBS criteria – to justify conducting an analysis of GAIN's impacts on them.

[24] The period covered by the survey ranged from 26 months (San Diego and Tulare) to 37 months (Los Angeles), on average, in the five counties where the survey was conducted.

[25] Response rates ranged from 77.3 percent (San Diego) to 82.0 percent (Tulare) across the five counties where the survey was conducted.

### C. Data on Registrants' Characteristics and the Implementation and Cost of GAIN

To describe the background characteristics of the experimentals and controls (such as their age, race or ethnicity, family composition, and education and training, as well as their welfare and employment history), the report uses information from the state's client information (or "GAIN-26") form. A few special categories were added to this form in the six counties for research purposes.

The report also draws upon some of the main findings from MDRC's earlier studies concerning the implementation of GAIN in the six research counties. These include findings on the experimental group's patterns of participation in GAIN activities. They are based on the experiences of a subsample of AFDC-FGs and AFDC-Us (referred to as the *participant flow sample*) and cover the first 11 months after each subsample member's date of random assignment. In Alameda and Los Angeles, these participation data were obtained from computerized tracking systems, making it possible to include in the participant flow sample all experimentals in those two counties. In the other four counties, participation data were collected manually by MDRC staff from program casefiles. Consequently, data were obtained for only a subsample of the experimental group in those counties.[26]

The report also uses new data from the registrant survey to extend the implementation analysis. This includes information on experimentals' participation in GAIN activities after the 11 months covered by the program tracking data, and their participation in non-GAIN (i.e., post-GAIN) activities, which some experimentals entered on their own after leaving the program or welfare. Also available for the first time is information on experimentals' views and opinions of GAIN, and on issues concerning work and welfare in general. Data on the control group's participation in (necessarily) non-GAIN activities and their attitudes concerning work and welfare were also collected through the survey. The study used data from several other sources as well to help ascertain the ways in which the counties implemented the GAIN model, including responses to the MDRC Staff Activities and Attitudes Survey, which was administered to all GAIN staff twice in each county (one and two years after GAIN began),[27] along with a series of in-depth, in-person interviews with program case managers and administrators. Finally, to estimate the costs and benefits of the program, the study uses fiscal and program participation data from the six counties, CDSS, the California Department of Education, the Chancellor's Office of the California Community Colleges, and numerous other sources. (These data sources are described in greater detail in later chapters where the findings from the analyses using them are presented.)

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[26] In the four counties with manually collected data, information was obtained for a randomly selected subsample of GAIN experimentals – 920 AFDC-FGs and 519 AFDC-Us – who were randomly assigned between March 1988 and May 1989. Because random assignment continued beyond this period, these data do not reflect the participation patterns of later cohorts of experimentals. For further details, see Freedman and Riccio, 1991.

[27] Response rates for each wave of this survey ranged from 94 to 100 percent across the counties.

## VII. Background Characteristics of the Research Sample

The top panel of Table 1.2 displays selected demographic characteristics of the research sample[28] of AFDC-FGs in each county (with the experimental and control groups combined).[29] The bottom panel presents the same information for the AFDC-U group. County differences in the characteristics of their research samples are important to note because they may have contributed to differences in registrants' participation patterns as well as differences in program impacts and costs. For instance, past research suggests that the effects of welfare-to-work programs tend to be different for recent applicants to welfare than for those already receiving welfare when they enter the program (although the pattern of effects for these groups has not been fully consistent across the programs studied).[30] Educational background also matters, especially in a program such as GAIN, where the sequences of services received are intended to be different for registrants determined "in need of basic education" and those determined "not in need of basic education." Thus, county variations in these and other characteristics must be considered when comparing the counties' participation and impact results.

Table 1.2 reveals some striking contrasts in the background characteristics of the counties' research samples. For example, unlike samples in all of the other counties, those in Alameda and Los Angeles include virtually no individuals who, at the time of their referral to GAIN, were AFDC applicants or short-term recipients. This reflects the special intake policies in those two counties, which were noted above. Furthermore, in the AFDC-FG group in the other four counties, the proportion of long-term recipients (who had received welfare for more than two years) ranged from 28 percent in Butte to 58 percent in Tulare. Across the six counties, the proportion who had worked for pay during the two years prior to orientation ranged from 17 percent in Los Angeles to 59 percent in San Diego, and the proportion considered to need basic education ranged from 49 percent in Butte to 81 percent in Los Angeles. The counties also varied widely in racial and ethnic composition. For example, 12 percent of Los Angeles's sample were non-Hispanic whites, compared to 86 percent of Butte's. Also striking is the fact that almost one-third of the Los Angeles sample were considered to have had limited proficiency in English, compared to 5 to 17 percent of the sample in the other counties.

Table 1.2 also shows that the AFDC-FGs in each county's research sample include some single parents with children who were under the age of 6 at the time of orientation – a group that was not normally considered mandatory under the pre-JOBS criteria for GAIN. The proportion was as high as 31 percent in Alameda, and in the other counties ranged from 10 percent (Los Angeles) to 16 percent (Riverside). Except in Alameda, the majority of these individuals appear to fall into a group who, under the pre-JOBS rules, were sometimes referred to as "soft mandatories"; they were not exempted from GAIN's participation requirement because they were not personally providing the full-time care that their child received (e.g., because they were attending school or working part-time). In

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[28] The research sample of 33,222 registrants shown in Table 1.2 includes 289 cases that were not included in the impact analyses because Social Security numbers and/or AFDC case numbers were missing, or for other reasons. Dropping these cases from the impact analyses (Chapters 4 and 6) accounts for the slight variation between subgroup percentages in the demographic tables (Table 1.2) and those in the impact tables.

[29] The background characteristics of sample members included in the supplementary sample of single parents with children younger than age 6 are presented in Appendix Table A.1.

[30] See, e.g., Friedlander, 1988; Friedlander and Hamilton, 1993.

## TABLE 1.2

## SELECTED CHARACTERISTICS OF THE PRIMARY GAIN RESEARCH SAMPLE AT ORIENTATION

| Sample and Characteristic | Alameda | Butte | Los Angeles | Riverside | San Diego | Tulare |
|---|---|---|---|---|---|---|
| **All AFDC-FG experimentals and controls** | | | | | | |
| Aid status (a) (%) | | | | | | |
| Applicant | 0.0 | 60.3 | 0.0 | 31.0 | 28.0 | 13.9 (b) |
| Short-term recipient | 0.0 | 11.5 | 0.0 | 29.8 | 30.8 | 28.2 (b) |
| Long-term recipient | 100.0 | 28.2 | 100.0 | 39.2 | 41.2 | 57.9 (b) |
| Received AFDC continuously for at least 6 years prior to orientation (c) (%) | 66.9 | 13.2 | n/a | 22.9 | 20.9 | 33.1 (b) |
| Employed within past 2 years (%) | 23.9 | 56.8 | 16.5 | 49.3 | 59.2 | 48.7 *** |
| Currently employed up to 29 hours per week (%) | 6.1 | 8.0 | 5.7 | 5.4 | 10.9 | 8.2 (b) |
| Has a high school diploma or GED (%) | 58.7 | 56.2 | 34.6 | 51.4 | 56.0 | 43.7 *** |
| In need of basic education, according to GAIN criteria (%) | 65.4 | 49.0 | 80.6 | 60.3 | 56.1 | 65.2 *** |
| Currently in a school or training program (%) | 12.9 | 19.9 | 7.4 | 15.4 | 20.1 | 12.2 (b) |
| Ethnicity (%) | | | | | | |
| White, non-Hispanic | 17.9 | 85.7 | 11.6 | 51.2 | 41.8 | 51.7 *** |
| Hispanic | 7.5 | 5.6 | 31.9 | 27.6 | 25.3 | 39.2 *** |
| Black, non-Hispanic | 68.6 | 3.5 | 45.3 | 15.5 | 22.5 | 3.6 *** |
| Indochinese | 2.1 | 0.6 | 9.9 | 1.3 | 5.5 | 0.4 *** |
| Other Asian | 0.8 | 2.2 | 0.7 | 1.7 | 0.9 | 2.3 *** |
| Other | 1.6 | 2.0 | 0.4 | 2.2 | 3.1 | 2.5 (b) |
| Limited English proficiency (%) | 4.5 | 6.9 | 31.7 | 10.3 | 17.3 | 13.7 *** |
| Refugee (%) | 3.2 | 13.7 | 11.3 | 2.6 | 4.9 | 3.9 *** |
| Age (%) | | | | | | |
| Less than 25 | 8.5 | 8.8 | 2.4 | 10.2 | 10.9 | 6.6 (b) |
| 25-34 | 44.1 | 49.8 | 33.0 | 48.4 | 46.3 | 46.4 (b) |
| 35-44 | 34.8 | 33.3 | 42.2 | 31.0 | 31.5 | 34.9 (b) |
| 45 or older | 12.5 | 8.2 | 22.4 | 10.3 | 11.3 | 12.0 (b) |
| Average age (years) | 34.7 | 33.6 | 38.5 | 33.7 | 33.8 | 34.9 *** |
| Average number of children | 1.9 | 1.7 | 2.1 | 1.8 | 1.7 | 2.0 *** |
| Has at least one child in the following age groups (d) (%) | | | | | | |
| Less than 6 | 30.5 | 12.4 | 10.4 | 16.2 | 12.9 | 14.9 *** |
| 6-11 | 60.2 | 62.2 | 61.8 | 66.2 | 64.6 | 68.9 *** |
| 12-18 | 50.7 | 47.5 | 73.0 | 47.2 | 46.1 | 53.0 *** |
| 19 or older | 16.4 | 0.7 | 0.0 | 1.6 | 2.5 | 2.1 *** |
| Research sample status (%) | | | | | | |
| Experimental | 50.0 | 80.3 | 68.0 | 81.2 | 85.8 | 71.0 *** |
| Control | 50.0 | 19.7 | 32.0 | 18.8 | 14.2 | 29.0 *** |
| Sample size | 1,205 | 1,234 | 4,434 | 5,626 | 8,224 | 2,248 |

(continued)

## TABLE 1.2 (continued)

| Sample and Characteristic | Alameda | Butte | Los Angeles | Riverside | San Diego | Tulare |
|---|---|---|---|---|---|---|
| **All AFDC-U experimentals and controls** | | | | | | |
| Aid status (a) (%) | | | | | | |
| Applicant | 0.0 | 76.2 | 0.0 | 42.8 | 32.9 | 22.2 (b) |
| Short-term recipient | 0.0 | 11.8 | 0.0 | 37.3 | 37.7 | 42.2 (b) |
| Long-term recipient | 100.0 | 12.1 | 100.0 | 19.9 | 29.4 | 35.7 (b) |
| Received AFDC continuously for at least 6 years prior to orientation (c) (%) | 70.9 | 3.1 | n/a | 7.6 | 12.3 | 13.1 (b) |
| Employed within past 2 years (%) | 22.5 | 80.1 | 32.1 | 72.1 | 78.9 | 67.5 *** |
| Currently employed up to 29 hours per week (%) | 11.5 | 5.9 | 26.3 | 6.4 | 18.4 | 6.9 (b) |
| Has a high school diploma or GED (%) | 29.7 | 47.5 | 17.1 | 42.6 | 48.9 | 32.2 *** |
| In need of basic education, according to GAIN criteria (%) | 81.3 | 58.0 | 92.2 | 66.6 | 62.9 | 74.0 *** |
| Currently in a school or training program (%) | 7.6 | 14.5 | 5.4 | 9.1 | 12.3 | 17.2 (b) |
| Ethnicity (%) | | | | | | |
| White, non-Hispanic | 15.9 | 74.8 | 11.2 | 42.7 | 36.2 | 36.3 *** |
| Hispanic | 9.3 | 7.8 | 22.5 | 31.8 | 26.6 | 41.6 *** |
| Black, non-Hispanic | 15.4 | 2.5 | 4.2 | 8.1 | 9.6 | 2.3 *** |
| Indochinese | 40.1 | 2.9 | 58.3 | 6.0 | 20.5 | 3.9 *** |
| Other Asian | 15.4 | 9.4 | 3.5 | 7.9 | 2.1 | 12.9 *** |
| Other | 2.2 | 2.3 | 0.2 | 3.2 | 3.5 | 2.7 (b) |
| Limited English proficiency (%) | 55.5 | 16.7 | 82.7 | 23.9 | 30.1 | 31.3 *** |
| Refugee (%) | 56.0 | 16.2 | 63.4 | 11.8 | 17.6 | 17.0 *** |
| Age (%) | | | | | | |
| Less than 25 | 0.5 | 26.4 | 0.8 | 19.0 | 15.7 | 21.2 (b) |
| 25-34 | 28.6 | 49.4 | 21.2 | 47.1 | 43.4 | 42.8 (b) |
| 35-44 | 40.1 | 19.9 | 41.3 | 24.7 | 28.3 | 25.8 (b) |
| 45 or older | 30.8 | 4.3 | 36.6 | 9.2 | 12.6 | 10.2 (b) |
| Average age (years) | 40.3 | 29.8 | 42.0 | 32.3 | 33.6 | 32.3 *** |
| Average number of children | 3.0 | 2.1 | 2.5 | 2.4 | 2.4 | 2.6 *** |
| Has at least one child in the following age groups (d) (%) | 53.3 | 81.5 | 47.2 | 72.4 | 72.6 | 73.0 *** |
| Less than 6 | 62.6 | 41.5 | 67.8 | 53.1 | 50.4 | 54.5 *** |
| 6-11 | 60.4 | 19.0 | 62.4 | 30.0 | 31.1 | 30.9 *** |
| 12-18 | 26.4 | 0.4 | 0.0 | 1.3 | 2.6 | 1.3 *** |
| 19 or older | | | | | | |
| Research sample status (%) | | | | | | |
| Experimental | 52.7 | 77.4 | 50.4 | 69.2 | 74.2 | 69.3 *** |
| Control | 47.3 | 22.6 | 49.6 | 30.8 | 25.8 | 30.7 *** |
| Sample size | 182 | 1,019 | 1,459 | 2,407 | 3,277 | 1,907 |

(continued)

TABLE 1.2 (continued)

SOURCE: MDRC calculations from GAIN intake forms for the main research sample.

NOTES: Sample characteristics were recorded on the intake form by GAIN staff at orientation and are based on answers from GAIN registrants.

Distributions may not add to 100.0 percent because of rounding or because of items missing from some sample members' intake forms.

A chi-square test was applied to differences among counties. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; * = 10 percent.

(a) Applicants are registrants applying for AFDC at the time of referral to GAIN orientation; they include reapplicants who may have had prior AFDC receipt. Short-term recipients have received AFDC for two years or less. Long-term recipients have received AFDC for more than two years. (The AFDC receipt may not have been continuous.)

(b) A test of statistical significance was not performed.

(c) Where data are not available, "n/a" is used.

(d) Distributions may add to more than 100.0 percent because sample members can have children in more than one category.

Alameda, the unusually high proportion of sample members who had children under age 6 resulted from a coding problem. People who were mandatory for GAIN *only* under the new JOBS criteria (which took effect at the same time that random assignment in Alameda was beginning) were not distinguished in the county's automated data base from people who were mandatory even under the pre-JOBS rules.

The higher proportion of single parents with pre-schoolage children in Alamada is an added reason for caution in comparing impact findings across the counties (although, as Chapter 4 will show, the employment and welfare outcomes for this group of experimentals and controls were not much different from those for single parents with older children).

In contrast to the AFDC-FG group, the AFDC-U sample members were less likely to be long-term welfare recipients (except in Alameda and Los Angeles), more likely to have been employed in the prior two years (except in Alameda), and more likely to have been determined to need basic education, in part because of their more limited knowledge of English. AFDC-Us also include a higher proportion of heads of households of refugee families from Vietnam, Laos, and Cambodia as well as from other countries. Notably, more than one-half of the AFDC-U samples in Alameda and Los Angeles were Indochinese or members of other Asian groups.

## VIII. Explaining County Variation in Impacts: Some Limitations

Although GAIN is based on a uniform program model that all of California's counties must operate, county administrators have considerable authority to shape the program's actual content. As shown in previous MDRC reports (and as summarized in Chapter 2 of this report), the GAIN administrators in the six research counties chose to implement the program in very different ways. In part, their decisions reflected their different beliefs about the best ways to institute the GAIN legislation's ongoing participation mandate for welfare recipients and to achieve the program's twin goals of moving registrants into jobs and off welfare.

This variation in implementation strategies provided the evaluation with an opportunity to explore whether some of these alternative approaches produced better participation and impact results than others. At the same time, as noted earlier, it is important to recognize that this type of comparative analysis cannot be of the same level of rigor as the analysis of program impacts *within* each county. This is because registrants were randomly assigned to the experimental and control groups within each county, and not to the different county programs. To answer, with the same level of rigor, the question of how differences in implementation strategies affected impacts would have required sample members to have been randomly assigned to the various counties' programs (or to different types of treatment, as was done for the Riverside case management experiment). Only in that way would it have been possible to link with certainty any variation in impacts to those approaches rather than to other conditions that distinguished the programs.

In the absence of such a design, county comparisons must be interpreted cautiously or they can lead to misleading conclusions about "what practices work best."[31] In particular, judgments must be made about the possible influence of a whole host of factors that might have affected a county's impacts before drawing any inferences about the role of any specific implementation practices. These include various characteristics of the local community in which the program was operated, and the types of individuals the program served. With these limitations clearly recognized, the present report will offer, in Chapter 8, an update of the 1993 report's analysis of whether implementation strategies influenced the counties' impacts, taking advantage of the longer period of follow-up that is now available for the employment, earnings, and welfare data, as well as information from the registrant survey, particularly on experimental-control differences in the use of employment-related activities.

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[31] For further discussion of this issue in the context of an evaluation of a youth employment program, see Cave and Doolittle, 1991.

## IX. An Overview of This Report

The next chapter (Chapter 2) discusses the GAIN treatment. It summarizes the key implementation findings from previous reports and also presents estimates of longer-term participation in GAIN and non-GAIN activities, using a combination of data sources, including the registrant survey. In addition, the chapter estimates GAIN's impact on the use of employment-related activities by comparing experimentals' average number of months of participating in them with the average for controls (who could enroll in non-GAIN activities in the community on their own). The chapter also presents new information on experimentals' perceptions of GAIN.

Chapter 3 discusses estimates of the cost of employment-related services provided to experimentals and controls. For the experimentals, the average costs incurred by the county welfare agency and by non-welfare agencies (e.g., schools) for GAIN-related activities are isolated from each other, and from any costs incurred by non-welfare agencies in serving experimentals who enrolled in education and training activities after leaving welfare or GAIN. The chapter also presents the costs incurred by non-welfare agencies for providing education and training services to controls (which, by definition, were outside the GAIN program). It then estimates the "net" cost of all services received by the experimental group – i.e., the difference between the average total cost per experimental and the average total cost per control. Chapter 7 will compare this net cost to estimates of the economic benefits produced by GAIN to assess the program's overall cost-effectiveness.

Chapters 4 and 6 present the three-year impacts of the GAIN "treatment" on registrants' employment, earnings, and welfare receipt. Chapter 4 presents results for the AFDC-FG group (the single parents), while Chapter 6 concerns the AFDC-U group (the heads of two-parent families). Past studies, including the report on GAIN's two-year impacts, have shown that these two groups tend to have different patterns of labor market and welfare behavior, which produce different patterns of impacts from welfare-to-work programs.[32]

Chapter 5 takes a closer look at the employment and welfare experiences of the AFDC-FG sample, primarily using the registrant survey data. It compares the characteristics of jobs obtained by experimentals and controls, the job-seeking efforts of experimentals who were not working or were working only part-time, the reasons nonworkers did not look for work, the reasons some registrants gave for leaving and returning to welfare, and GAIN's impacts on a variety of noneconomic outcomes that pertain to registrants' living conditions and quality of life. These analyses will help in interpreting some of the main impact findings reported in Chapter 4 and the benefit-cost findings presented in Chapter 7.

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[32] See, e.g., Gueron and Pauly, 1991.

Chapter 7 presents estimates of the economic benefits of GAIN over the five-year period after orientation, using a combination of observed and projected estimates. Those benefits are then compared to what it cost the government (at the federal, state, and local levels combined) to serve experimentals, producing an estimate, for each county, of the program's cost-effectiveness from the government's perspective. The chapter also presents estimates of the net economic gain or loss from the perspective of welfare recipients, and from the perspective of society as a whole.

The report concludes, in Chapter 8, with an assessment of whether differences in the counties' GAIN registrants, local labor markets, and strategies for implementing GAIN might help to explain the differences in their three-year impacts and benefit-cost results.

# CHAPTER 2

## THE GAIN TREATMENT

To interpret the results of the GAIN evaluation's impact and benefit-cost analyses, it is essential to understand how extensively the experimental group took part in GAIN activities, which activities they used most and least often, and how their levels of service use compared to that of controls, who could seek non-GAIN services on their own. These patterns are a key part of what is meant by the program "treatment" from the experimental group's perspective; as such, they drive GAIN's costs in the short run, can influence program impacts on employment and welfare receipt, and help determine GAIN's cost-effectiveness in the long run. This chapter examines these participation patterns, as well as key program implementation practices that also shaped recipients' experiences in GAIN.

Earlier MDRC reports on GAIN have described in detail the experimental group's participation patterns within 11 months after orientation.[1] Section I of this chapter briefly recaps some of those findings. Section II examines new data on the experimental group's longer-term participation in GAIN, using several sources, primarily the registrant survey, which (except in Butte)[2] was administered two to three years after people attended GAIN orientation and entered the research sample. This is especially important in view of experimentals' substantial use of education and training, activities that can last a considerable amount of time. Indeed, earlier reports found that many participants were still in such activities at the end of the 11-month follow-up period, meaning that 11-month estimates of the duration of participation would understate actual longer-term usage. Longer follow-up is also essential because GAIN's ongoing participation mandate calls for registrants to participate in employment-related activities as long they continue to receive AFDC payments and, according to program guidelines, remain capable of participating (program resources permitting). In theory, therefore, participation could extend over a number of years and, as Chapter 3 will discuss, a full accounting of the cost of that participation requires that it be measured over several years. For this study, a period of five years was chosen for estimating the amount of participation (and for estimating costs and benefits).

Understanding the experimental group's use of employment-related activities is key, but it is equally important to understand how much (if at all) GAIN *increased* the level of participation in these kinds of activities above and beyond what it would have been in the absence of the program. As discussed in Section III, GAIN's net effect on participation has been determined by comparing experimental-control differences in participation in employment-related activities, using registrant survey data and other information. Understanding the magnitude of any such differences across various types of activities is crucial: If the control group got about as much of a particular kind of activity as did the experimental group, that activity – even if experimentals used it extensively – is unlikely to have contributed much to GAIN's employment and welfare impacts or to have influenced its benefit-cost results (unless, of course, the quality of the services received by experimentals and controls was substantially different).

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[1] Riccio and Friedlander, 1992; Martinson and Friedlander, 1994.

[2] As noted in Chapter 1, the registrant survey was not conducted in Butte because of the evaluation's limited survey budget. Thus, some of the participation estimates for Butte included imputations based at least partly on survey data from other counties.

Section IV briefly reviews other implementation findings from earlier reports, which concern differences in the counties' approaches to operating GAIN, e.g., in the kinds of "messages" staff emphasized about employment and GAIN's participation obligation, and in the kinds of direct interactions staff had with registrants. Section IV also presents new data from the registrant survey on experimentals' perceptions of GAIN, while Section V discusses findings on experimentals' and controls' views of participation mandates.

As the chapter will show, GAIN did have an impact on the use of employment-related activities, but it varied across the basic education subgroups and across counties. For AFDC-FG experimentals determined not to need basic education, the main effect of the program was to increase the receipt of job search services and, in some counties, vocational training and post-secondary education. (Alameda's impacts on the latter set of activities are particularly noteworthy.) For AFDC-FG experimentals in the subgroup determined to need basic education, GAIN produced an increase in participation in job search and basic education (ABE/GED and ESL classes).

It must be stressed that the descriptions of county practices contained in this report are based on information collected no later than mid-1991, and prior to that in most cases. This is the relevant information for describing the "treatment" experimentals got. However, the information may not necessarily portray the counties' *current* modes of operating GAIN. All of the counties have continued to revise their implementation strategies as they have acquired more experience in operating this very complex welfare-to-work initiative, and in response to changing funding circumstances.

## I. Experimentals' Participation in GAIN Activities Within 11 Months After Orientation[3]

Table 2.1 presents the findings on AFDC-FG experimentals' use of GAIN activities within the first 11 months after orientation, based on data collected directly from county casefile records. As the table shows, more than half of the group in five of the six counties participated in a GAIN job search, education, or training activity.[4] Participation rates in these counties ranged from 51 percent in Los Angeles to 63 percent in Alameda. The sixth county – Butte – had a markedly lower rate (43 percent), partly because it delayed assigning orientation attenders to case managers in order to limit the size of case managers' caseloads while still including as many people as possible in orientation and

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[3] This section is adapted from a previous report (Friedlander, Riccio, and Freedman, 1993).

[4] There are many ways to define and measure participation in welfare-to-work programs. The participation tables in this section of the chapter use a fairly simple indicator, defining "participation in any GAIN activity" as ever entering a job search, education, or training activity within the 11 months following each person's GAIN orientation meeting, which was also when random assignment took place. Registrants were counted as having "ever participated" if they attended a GAIN activity at least once, although most orientation attenders stayed much longer than this. GAIN activities include those to which individuals were referred by program staff as well as those that were "self-initiated." (As noted in Chapter 1, the latter were activities that welfare recipients had already started before entering GAIN and were allowed to pursue as a way of meeting GAIN's participation requirement.) Orientation, assessments, appraisals, or meetings with case managers were not counted as participation. This definition differs substantially from the one embodied in the federal regulations for the JOBS program but is consistent with MDRC's other reports on GAIN and its earlier reports on other welfare-to-work initiatives.

## TABLE 2.1

## RATES OF PARTICIPATION IN GAIN ACTIVITIES AMONG AFDC-FG EXPERIMENTALS WITHIN 11 MONTHS AFTER ORIENTATION

| Sample and Participation Status | Alameda | Butte | Los Angeles | Riverside | San Diego | Tulare |
|---|---|---|---|---|---|---|
| **All experimentals** | | | | | | |
| Ever participated in any GAIN activity, excluding appraisal and assessment (%) | 63.1 | 42.5 | 51.3 | 60.1 | 55.1 | 60.9 *** |
| Ever deferred (%) | 46.2 | 31.5 | 48.9 | 48.0 | 64.4 | 53.3 *** |
| Ever participated in any GAIN activity or deferred for part-time employment (%) | 68.8 | 49.0 | 58.1 | 66.1 | 72.1 | 72.4 (a) |
| Ever participated in (%) | | | | | | |
| Job search | 26.4 | 18.0 | 11.9 | 34.3 | 29.6 | 20.4 *** |
| Basic education (b) | 38.5 | 15.0 | 36.8 | 21.8 | 19.0 | 36.4 *** |
| GED | 13.6 | 8.0 | 6.8 | 9.7 | 6.9 | 18.2 *** |
| ABE | 23.9 | 4.0 | 19.4 | 7.7 | 9.7 | 16.4 *** |
| ESL | 2.0 | 3.0 | 12.3 | 5.2 | 3.6 | 6.2 *** |
| Self-initiated activity | 3.2 (c) | 10.0 | 6.2 | 13.3 | 15.4 | 7.6 *** |
| Assessment | 16.4 | 11.5 | 3.7 | 1.6 | 11.3 | 19.6 *** |
| Post-assessment activity | 17.3 (c) | 4.0 | 1.1 | 2.4 | 8.1 | 9.3 *** |
| Any education or training activity | 53.0 | 27.5 | 43.8 | 36.3 | 37.2 | 49.3 *** |
| Sample size | 602 | 200 | 3013 | 248 | 247 | 225 |
| **Experimentals who started any GAIN activity (d)** | | | | | | |
| Participated in (%) | | | | | | |
| Job search | 41.8 | 42.4 | 23.2 | 57.0 | 53.7 | 33.6 *** |
| Basic education (e) | 61.1 | 35.3 | 71.8 | 36.2 | 34.6 | 59.9 *** |
| Self-initiated activity | 5.0 (c) | 23.5 | 12.2 | 22.1 | 27.9 | 12.4 *** |
| Post-assessment activity | 27.4 (c) | 9.4 | 2.2 | 4.0 | 14.7 | 15.3 *** |
| Any education or training activity | 83.9 | 64.7 | 85.4 | 60.4 | 67.6 | 81.0 *** |
| Sample size | 380 | 85 | 1545 | 149 | 136 | 137 |

SOURCE: Calculations using data from the MDRC participant flow study.

NOTES: Distributions may not add to 100.0 percent because of rounding.

A chi-square test was applied to differences across counties. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; * = 10 percent.

(a) A test of statistical significance was not performed.

(b) Subcategory percentages may not add to the category percentage because participation in more than one component of basic education was possible.

(c) Alameda registrants already in vocational education at orientation were coded as participating in vocational education instead of in self-initiated vocational education. This policy causes the post-assessment activity percentage, which includes vocational education, to be higher and the self-initiated activity percentage to be lower than if the coding had been consistent with that in the other counties.

(d) This sample includes only those experimentals who ever participated in any GAIN activity, excluding appraisal and assessment.

(e) GED preparation, ABE, and ESL.

appraisal sessions. This waiting period usually lasted several months and delayed referral to the experimentals' first activity.[5]

While a substantial portion of the orientation attenders -- ranging from 37 to 57 percent -- did not participate in a GAIN activity, almost all of the nonparticipants were people who were not required to participate in GAIN activities by the end of the 11-month follow-up period. The vast majority (80 to 100 percent) of the nonparticipants were either no longer enrolled in the program (i.e., they were "deregistered") because they had gotten a full-time job, left welfare, were sanctioned, or met other specific criteria, or were temporarily excused from participating (i.e., they were "deferred") because of part-time employment, illness, or other reasons.[6] Table 2.2 shows how frequently registrants were deferred for various reasons. The most common deferral reasons were: part-time employment, a medically verified illness, and a "severe family crisis." Interestingly, as shown in the top panel of Table 2.1, if part-time employment were counted as an "activity," the "ever participated" rate would climb to as high as 72 percent (in San Diego and Tulare).

Table 2.1 displays the incidence of participation in *each* GAIN activity, calculated in two ways. The top panel presents these rates for *all* experimentals, including those who never started an activity. This approach is helpful for understanding the extent to which the entire sample received particular kinds of services. The bottom panel presents several participation rates for only *those experimentals who ever participated in any GAIN activity*. The latter measure is useful for comparing the mix of services among those who used these services.

As Table 2.1 shows, job search, basic education, and self-initiated programs[7] were the most heavily used activities in GAIN during the 11-month follow-up period, as would be expected given the GAIN model's particular service sequences (see Chapter 1). Within this time period, a much smaller proportion of experimentals had entered post-assessment activities, e.g., vocational skills training, post-secondary education, and unpaid work experience (PREP).[8]

Another measure on Table 2.1 combines all classroom-based education and training into a single category, "any education or training activity." This measure includes participation in basic education, self-initiated education and training, and post-assessment education and training. It excludes participation in on-the-job training (OJT) and PREP activities, both of which entail performing a job rather than classroom training; it also excludes participation in job search activities. The table shows

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[5] Butte administrators set a limit of about 75 GAIN registrants per case manager, while still scheduling for orientation all welfare applicants and recipients who met GAIN's eligibility requirements. Because the rate of intake into GAIN exceeded the capacity set for case managers, experimentals who attended orientation were routinely placed on a waiting list for assignment to a GAIN case manager and were not contacted by the GAIN staff until a case manager slot became available.

[6] See Riccio and Friedlander, 1993, p. 27.

[7] With few exceptions, self-initiated activities involved vocational skills training and not basic education.

[8] The counties varied significantly in the proportion of registrants using particular components. Experimentals in Butte, Riverside, and San Diego used job search activities at a higher rate than any other single activity. Basic education was the second most commonly used GAIN activity in those counties. Just the opposite pattern occurred in Alameda, Los Angeles, and Tulare, where basic education was the leading GAIN component, followed by job search. (However, among those determined to need basic education, it was somewhat or much more commonly used than job search in all six counties.)

## TABLE 2.2

## PATTERNS OF DEFERRAL FROM GAIN PARTICIPATION AMONG AFDC-FG EXPERIMENTALS WITHIN 11 MONTHS AFTER ORIENTATION

| Sample and Deferral Status | Alameda | Butte | Los Angeles | Riverside | San Diego | Tulare |
|---|---|---|---|---|---|---|
| **All experimentals** | | | | | | |
| Ever deferred (%) | 46.2 | 31.5 | 48.9 | 48.0 | 64.4 | 53.3 *** |
| Reason for first deferral (%) | | | | | | |
| Employed 15 to 29 hours per week | 8.5 | 11.5 | 8.5 | 13.3 | 19.8 | 17.3 *** |
| Medically verified illness | 11.8 | 3.5 | 21.6 | 13.7 | 16.2 | 9.8 *** |
| Severe family crisis | 13.8 | 4.5 | 9.7 | 8.9 | 16.2 | 10.2 *** |
| No transportation | 1.2 | 4.0 | 1.1 | 1.2 | 1.2 | 6.2 (a) |
| No child care | 1.0 | 0.5 | 3.3 | 0.0 | 0.4 | 0.9 (a) |
| Emotional or mental problems | 3.3 | 1.0 | 1.0 | 4.4 | 2.4 | 1.8 (a) |
| Legal difficulties | 1.5 | 1.5 | 2.0 | 2.4 | 2.4 | 1.3 (a) |
| Alcoholism or drug addiction | 2.2 | 1.0 | 0.5 | 1.2 | 0.0 | 1.8 (a) |
| Other reasons | 3.0 | 4.0 | 1.2 | 2.9 | 5.6 | 4.0 (a) |
| Sample size | 602 | 200 | 3013 | 248 | 247 | 225 |
| **Experimentals who were ever deferred** | | | | | | |
| Reason for first deferral (%) | | | | | | |
| Employed 15 to 29 hours per week | 18.3 | 36.5 | 17.4 | 27.7 | 30.8 | 32.5 (a) |
| Medically verified illness | 25.5 | 11.1 | 44.1 | 28.6 | 25.2 | 18.3 (a) |
| Severe family crisis | 29.9 | 14.3 | 19.8 | 18.5 | 25.2 | 19.2 (a) |
| No transportation | 2.5 | 12.7 | 2.2 | 2.5 | 1.9 | 11.7 (a) |
| No child care | 2.2 | 1.6 | 6.8 | 0.0 | 0.6 | 1.7 (a) |
| Emotional or mental problems | 7.2 | 3.2 | 2.0 | 9.2 | 3.8 | 3.3 (a) |
| Legal difficulties | 3.2 | 4.8 | 4.1 | 5.0 | 3.8 | 2.5 (a) |
| Alcoholism or drug addiction | 4.7 | 3.2 | 1.1 | 2.5 | 0.0 | 3.3 (a) |
| Other reasons | 6.5 | 12.7 | 2.5 | 6.0 | 8.8 | 7.5 (a) |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Sample size | 278 | 63 | 1474 | 119 | 159 | 120 |

SOURCE: Calculations using data from the MDRC participant flow study.

NOTES: Rounding may cause slight discrepancies in calculating sums and averages.

A chi-square test was applied to differences across counties. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; * = 10 percent.

(a) A test of statistical significance was not performed.

that "any education or training activity" was used by 28 percent (Butte) to 53 percent (Alameda) of all experimentals within the 11-month follow-up period.

Looking just at those experimentals who entered *any* GAIN activity (i.e., the GAIN *participants*), it is evident that education and training characterized the program treatment most strongly in Alameda, Los Angeles, and Tulare, where 81 to 85 percent received such services (mostly basic education). These activities were less common – although still used by a majority of participants – in Butte, Riverside, and San Diego, where 60 to 68 percent took part in them.[9] In other words, across all six counties, no fewer than 60 percent of experimentals who took part in any GAIN activity participated in education and training, *either in addition to or instead of job search activities*.[10]

The overall participation experiences of AFDC-U and AFDC-FG experimentals were roughly similar. From 36 to 66 percent of the AFDC-U group participated in a GAIN activity. (See Appendix Table C.1.) These rates are close to those observed for the AFDC-FGs, although the county-by-county patterns were not always consistent for the two groups.

Differences between the AFDC-U and AFDC-FG groups were more likely to be found in their use of particular GAIN activities. The AFDC-U group was somewhat more likely than the AFDC-FG group to enter basic education (particularly English as a Second Language) and considerably less likely to be in self-initiated activities. In part, the greater use of basic education by the AFDC-Us reflects their greater likelihood of being determined to need this service. Compared to the AFDC-FG sample, the AFDC-U group, which included a higher proportion of Asian refugees, more often had a limited knowledge of English, although other reasons may also have contributed to their higher participation in basic education.

As will be discussed below, lengthening the follow-up period and including participation in non-GAIN (i.e., post-GAIN) activities as well as GAIN activities increased the ever participated rate by only small amount for most activities. The vocational training and post-secondary education category is the main exception to this pattern.

## II. Experimentals' Participation Rates and Length of Stay in Employment-Related Activities Within the Five Years After Orientation

As mentioned at the outset of this chapter, GAIN's ongoing participation mandate and experimentals' wide use of potentially long-term education and training activities make it important to estimate participation over more than just a year. For this evaluation, participation rates and the duration of participation were estimated within the *five years* after orientation to capture continuing or repeated spells of participation. Five years was the period chosen for several reasons. Most important is that this was the period used in estimating GAIN's costs and benefits, as discussed in Chapters 3 and 7. Because the rate and duration of participation in employment-related activities affect average program costs and can also affect the earnings, welfare, and other impacts used in estimating economic benefits, it is essential to try to capture all participation that occurs within the time frame used for comparing benefits to costs. (Five years is also used by MDRC's past benefit-cost studies of welfare-to-work programs.) Another consideration was the varying amounts of follow-up data across counties. To make fair comparisons of county participation findings and costs, a common time frame must be used for each county, and it must be sufficiently long to ensure that the participation estimates are not being seriously truncated in any of them.[11] Relying upon a five-year period for estimating participation in all six counties helps to minimize that risk.

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[9] The county differences in these participation patterns partly reflect differences in the types of welfare recipients enrolled in GAIN (such as the proportion who were determined to need basic education), registrants' own preferences for types of services, and various implementation strategies and conditions. See Riccio and Friedlander, 1992, Chapters 2 and 3.

[10] Thus, the other 15 to 40 percent of those starting a GAIN activity took part in job search and/or (in a small number of cases) PREP or OJT.

The longer-term participation estimates are intended to capture all participation by experimentals in employment-related activities, including those used in meeting the GAIN program's participation obligation as well as any that experimentals entered on their own, after leaving welfare and the GAIN program. Participation in "non-GAIN" activities is included because, theoretically, that type of participation could be affected by the GAIN program and, in turn, could influence an experimental's longer-term employment prospects and the program's future impacts and benefit-cost results. For example, GAIN's basic education activities might help prepare some registrants to enter vocational training and post-secondary education, and they might be more inclined to do so, even after leaving welfare, than they would have had they never participated in GAIN. Or, conversely, GAIN may reduce some registrants' interest in or need for attending (non-GAIN) employment-related activities after leaving welfare. These kinds of effects, if there are any, could have important implications for the overall use of government resources as well as for experimentals' future labor market and welfare experiences. Because they could influence GAIN's benefit-cost results, it is essential to estimate them.

## A. Estimation Procedures

For each major type of employment-related activity (such as job search, basic education, vocational training, and post-secondary education), the five-year length of participation estimate for experimentals has four key elements. As depicted in Figure 2.1A, the participation could have occurred through the GAIN program (boxes 1 and 2), or it could have taken place after a person left welfare and hence was no longer associated with the GAIN program. For example, a former registrant might have enrolled herself in a community college training class a year after leaving welfare; this would be defined as "non-GAIN" participation, and would be reflected in boxes 3 and 4. Moreover, the participation – whether GAIN-related or non-GAIN – could have occurred within the first two to three years after orientation (i.e., the period covered by the registrant survey, as reflected in boxes 1 and 3), or it could have taken place after the end of the survey period through the fifth year after orientation (i.e., the "post-survey" period, as reflected in boxes 2 and 4), or it could have occurred during both periods. For the purposes of this study, all such participation is relevant. Thus, the individual estimates per experimental for each of these four building blocks were summed to get an

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[11] If, for example, many registrants were still participating in GAIN activities at the end of the two- to three-year survey follow-up period (as was found to be the case in Alameda), counting only the participation observed during the survey period could distort any comparisons of the duration of participation across the counties and result in costs being underestimated wherever participation estimates were artificially truncated.

## FIGURE 2.1

## DURATION OF PARTICIPATION IN EMPLOYMENT-RELATED ACTIVITIES WITHIN FIVE YEARS AFTER GAIN ORIENTATION

*A. Average duration of participation per experimental =*

① **GAIN, Survey Period**

Months of GAIN participation during the two- to three-year registrant survey follow-up period (estimated from county casefile and registrant survey data)

+

② **GAIN, Post-Survey Period**

Months of post-survey GAIN participation (estimated from a special study using county casefile point-in-time participation data and longitudinal AFDC records)

+

③ **Non-GAIN, Survey Period**

Months of non-GAIN participation during the two- to three-year registrant survey follow-up period (estimated from registrant survey data)

+

④ **Non-GAIN, Post-Survey Period**

Months of post-survey non-GAIN participation (projected from registrant survey data)

*B. Average total duration of participation per control =*

① **Non-GAIN, Survey Period**

Months of participation in community-provided (non-GAIN) activities during the two- to three-year registrant survey follow-up period (estimated from registrant survey data)

+

② **Non-GAIN, Post-Survey Period**

Months of post-survey participation in community-provided (non-GAIN) activities (projected from registrant survey data) estimate of the average duration of GAIN and non-GAIN participation within the full five-year period after orientation.[12]

The remainder of this chapter focuses on findings for AFDC-FGs. However, some of the tables include results for AFDC-Us.

### B. Results for AFDC-FG Experimentals

The top panel of Table 2.3 shows the estimated participation rate per experimental, by type of activity, for the two- to three-year survey follow-up period. (Because of the kinds of data available and the use of different samples, a five-year participation rate could not be estimated without the risk of overestimating the percentage of experimentals who participated in a given type of activity. However, this was not a problem when estimating the average number of months of participation over a five-year period.)[13] The table indicates that, across the six counties, about 29 percent of AFDC-FG experimentals participated in job search activities, and about the same proportion took part in ABE/GED activities. Only about 7 percent took part in ESL activities. It is noteworthy that the county-by-county results for these activities were not much higher than the 11-month follow-up results (based on casefile data alone) presented in Table 2.1. This means that most of the experimentals who started job search or ABE/GED and ESL classes did so through the GAIN program and within the first year after orientation.

As expected, the participation rate for vocational training or post-secondary education – activities that, if not started as upfront self-initiated activities, come later in the GAIN model's service sequence – climbed more over time (i.e., from the 11-month follow-up figures shown in Table 2.1 to those shown on the top panel of Table 2.3) than did the rate for job search and basic education activities. The rate ranged from 14 percent of experimentals in Los Angeles to 35 percent in San

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[12] In making these estimates, the analysis followed several basic principles: It relied more heavily on county casefile data to estimate the rate of the experimental group's participation in GAIN activities, but on the survey to estimate participation (by experimentals and controls) in non-GAIN activities. It also relied more heavily on the survey to estimate the duration of participation among those starting an activity (whether it was a GAIN or a non-GAIN activity). Special point-in-time participation data provided by the county welfare departments, which indicated a sample member's probability of participating in a specified GAIN activity on a specified day if she were receiving AFDC in the same month, were used in combination with administrative records data on the research sample's long-term use of AFDC to estimate post-survey participation in GAIN activities. Post-survey participation in non-GAIN activities was projected based on earlier patterns of participation and the assumption that all non-GAIN participation by both experimentals and controls declined steadily and ended by the end of the five-year period.

[13] There is also some risk of overestimating participation rates within the two- to three-year survey follow-up period. However, this is probably less of a risk for job search and basic education activities since, given GAIN's activity sequencing rules, most first-time participation in those activities probably occurred within the first two to three years. Data from the registrant survey also support this conclusion by showing that hardly any respondents participated in GAIN *and* non-GAIN job search or GAIN *and* non-GAIN basic education. There was a slightly higher chance of double-counting the rate of ever participating in vocational education or training activities, and so a minor adjustment was made in this category of activities to minimize this problem. All in all, while not exact, the estimated participation rates presented in Table 2.3 are unlikely to have been distorted by the risk of double-counting during the survey period.

## TABLE 2.3

## LONGER-TERM PARTICIPATION PATTERNS IN EMPLOYMENT-RELATED ACTIVITIES (GAIN AND NON-GAIN) AMONG AFDC-FG AND AFDC-U EXPERIMENTALS

| | AFDC-FGs | | | | | | | AFDC-Us (b) |
|---|---|---|---|---|---|---|---|---|
| Sample and Outcome | Alameda | Butte (a) | Los Angeles | Riverside | San Diego | Tulare | All Counties | All Counties |
| **All experimentals** | | | | | | | | |
| Ever participated *within two to three years after orientation* in (%) | | | | | | | | |
| Job search | 32.2 | n/a | 14.0 | 38.0 | 34.0 | 24.2 | 28.5 | 24.9 |
| ABE/GED | 42.3 | n/a | 27.2 | 20.7 | 18.1 | 36.9 | 29.0 | 18.8 |
| ESL | 3.2 | n/a | 13.3 | 6.7 | 5.2 | 6.7 | 7.0 | 16.7 |
| Vocational training or post-secondary education | 28.4 | n/a | 13.5 | 26.8 | 34.8 | 28.6 | 26.4 | 14.2 |
| Unpaid work experience | 2.4 | n/a | 0.0 | 0.0 | 2.0 | 0.7 | 1.0 | 0.8 |
| OJT | 0.0 | n/a | 0.0 | 0.8 | 3.7 | 0.3 | 1.0 | 0.2 |
| **Experimentals who started specified activities within two to three years after orientation** | | | | | | | | |
| Average number of months participating *within two to three years after orientation* in | | | | | | | | |
| Job search | 1.6 | n/a | 1.7 | 1.9 | 2.2 | 1.9 | 1.9 | 2.0 |
| ABE/GED | 7.9 | n/a | 9.9 | 4.6 | 5.0 | 9.0 | 7.3 | 7.2 |
| ESL | 12.5 | n/a | 8.1 | 4.6 | 5.0 | 10.3 | 8.1 | 7.2 |
| Vocational training or post-secondary education | 10.8 | n/a | 9.5 | 8.3 | 8.6 | 9.2 | 9.3 | 8.9 |
| Unpaid work experience | 3.3 | n/a | -- | -- | 1.5 | 2.9 | 2.6 | 2.5 |
| **All experimentals** | | | | | | | | |
| Average number of months participating *within five years after orientation* in | | | | | | | | |
| Job search | 0.7 | 0.7 | 0.8 | 1.0 | 1.0 | 0.6 | 0.8 | 0.8 |
| ABE/GED | 4.3 | 1.7 | 2.9 | 1.3 | 1.1 | 3.7 | 2.5 | 1.7 |
| ESL | 0.4 | 0.9 | 1.4 | 0.5 | 0.4 | 1.2 | 0.8 | 1.6 |
| Vocational training or post-secondary education | 4.5 | 3.2 | 1.9 | 2.6 | 3.8 | 3.4 | 3.2 | 1.9 |
| Unpaid work experience | 0.3 | 0.3 | 0.0 | 0.1 | 0.5 | 0.0 | 0.2 | 0.2 |
| Sample size | | | | | | | | |
| Program tracking data | 602 | 200 | 3013 | 248 | 247 | 225 | 4535 | 1255 |
| Registrant survey data | 335 | n/a | 223 | 674 | 337 | 356 | 1925 | -- |

SOURCE: Calculations using data from the MDRC participant flow study and the GAIN registrant survey.

NOTES: Participation is defined as number of months with any participation.
In the all-county averages, the results for each county are weighted equally.
Where data are not available, "n/a" is used.
Where data are not applicable, dashes are used.
The results shown in the second panel of the table were calculated by dividing the average number of months participating in a given activity within two to three years after orientation among all registrants by the percentage of registrants who reported participating in that activity within the two to three years after orientation.

(continued)

## TABLE 2.3 (continued)

Estimates for experimentals are based on data from several sources, including county casefile records (i.e., program tracking data) from the MDRC participant flow study, the GAIN registrant survey (which covered from 26 to 37 months after orientation, on average, depending on the county), point–in–time participation data from the survey and county records, and information on the length of time experimentals received AFDC during the follow–up period.

Tests of statistical significance of the differences across counties were not performed.

Rounding may cause slight discrepancies in calculating sums and averages.

(a) Because the registrant survey was not conducted in Butte, some components of the duration of participation measures were imputed from survey data from the other counties.

(b) The AFDC–U sample does not include any registrants from Alameda. Also, because the registrant survey included only a small number of AFDC–U registrants in each county, participation estimates for this group include imputations based on AFDC–FG survey and casefile data, as well as AFDC–U casefile data.

Diego.[14] However, unpaid work experience (PREP) and OJT positions were still used by only a small proportion of experimentals within the two- to three-year follow-up period.

The middle panel of Table 2.3 shows the estimated average duration of participation *per experimental who started a specified activity during that two- to three-year period.* Duration is defined here as the average *number of months in which a person participated for some hours.*[15] Among the six counties, participation in ABE/GED (which was almost entirely GAIN-related) was notably longer in Alameda, Los Angeles, and Tulare. Also noteworthy is the relatively long length of stay in vocational training or post-secondary education among experimentals who started such activities, ranging from 8 months per participant in Riverside to almost 11 months in Alameda.

The bottom panel of Table 2.3 presents the estimated length of stay in activities averaged across all experimentals over the *five years* since orientation. (It is important to note that because these estimates are expressed *per experimental,* they include a zero value for people who never took part in a given activity. When estimated this way, the results can be compared, as they are below, to the average length of participation per control to determine GAIN's impact on the use of employment-related services – an impact that will affect the experimental-control differences in costs and, in turn, the program's overall cost-effectiveness.) Of the six counties, Alameda had the longest average length of stay in ABE/GED activities (4.3 months per experimental) and in vocational training or post-secondary education (4.5 months per experimental). These patterns reflect that county's combination of comparatively high participation rates per experimental and longer lengths of stay among those starting the activities – patterns that were already evident in the first two to three years of follow-up, as indicated in the first two panels of Table 2.3. The duration of participation in ABE/GED activities was also relatively long in Tulare (3.7 months per experimental). Among the other counties, experimentals in Butte, Riverside, and San Diego had the lowest average number of months participating in ABE/GED (1.1 to 1.7 months), and those in Los Angeles had the lowest average number of months participating in vocational training and post-secondary education. Overall, however, the substantial use of education and training services in all counties has important implications for program costs, as Chapter 3 will show.[16]

It was mentioned previously that, in all counties, participation in job search and basic education activities occurred almost entirely while experimentals were enrolled in the GAIN program. However, as Figure 2.2 illustrates, the story was different for vocational training and post-secondary education. In the top graph, the full bar for each county depicts the average number of months in those activities. The shaded portion of the bar represents the average number of months of participation while experimentals were enrolled in GAIN, while the white portion reflects participation (often by different individuals) in non-GAIN (i.e., post-GAIN) activities of this type (e.g., after leaving AFDC).

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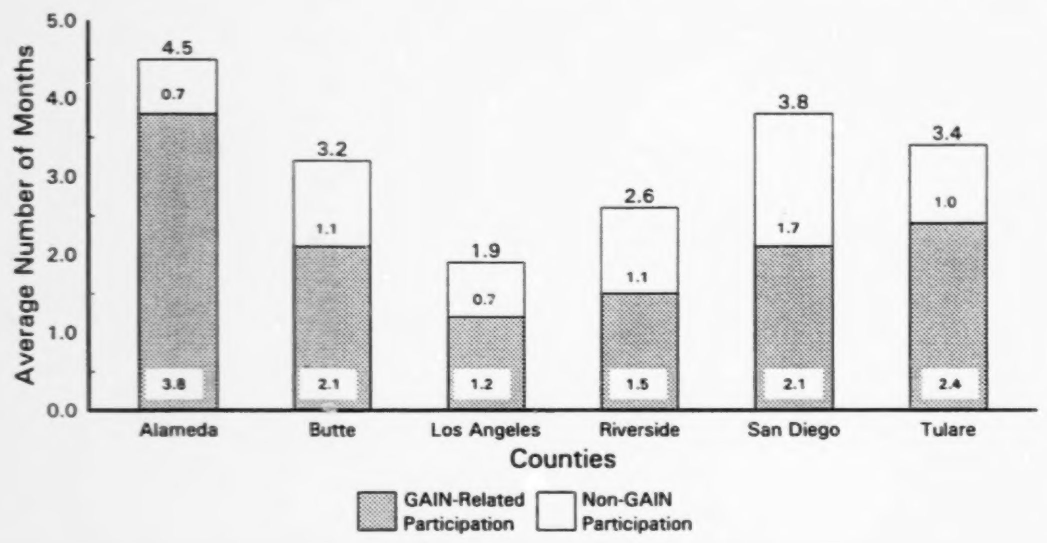
[14] For an approximation of the change in usage over time, the vocational training participation rates in Table 2.3 can be compared to the sum of the rates of participation in self-initiated and post-assessment activities in Table 2.1. This sum is 21 percent in Alameda, 14 percent in Butte, 7 percent in Los Angeles, 16 percent in Riverside, 24 percent in San Diego, and 17 percent in Tulare.

[15] This definition was used in order to be consistent with the general approach that was considered most appropriate for measuring participation for the cost analysis presented in Chapter 3.

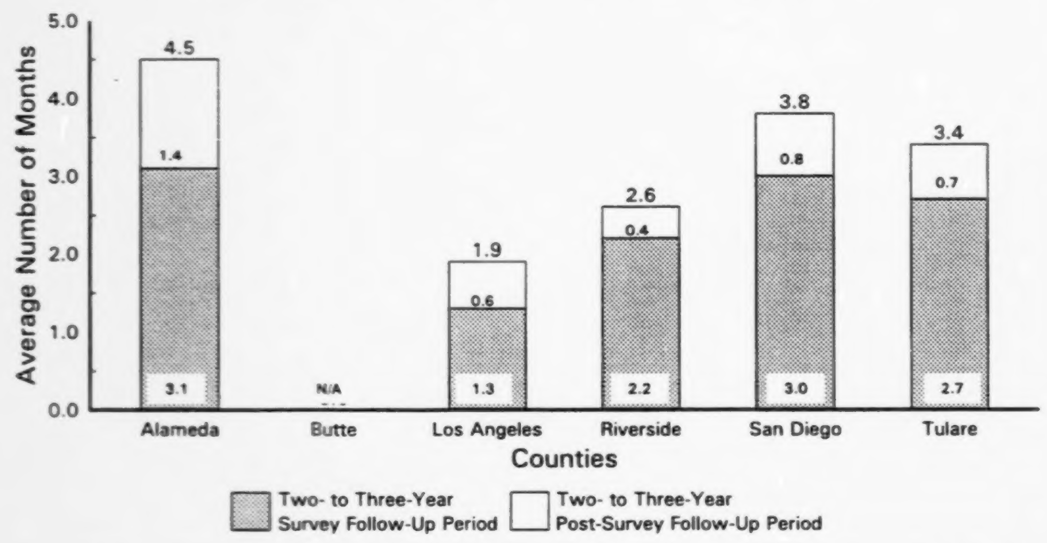
[16] The survey indicates that participants in basic education classes in Los Angeles were scheduled to attend those classes for more hours per week than were participants in most of the other survey counties, resulting in more total hours of participation and contributing to that county's relatively high cost of basic education.

## FIGURE 2.2

## DISTRIBUTION OF LENGTH OF STAY IN VOCATIONAL TRAINING OR POST-SECONDARY EDUCATION PER AFDC-FG EXPERIMENTAL, WITHIN FIVE YEARS AFTER GAIN ORIENTATION



A. Estimated Average Number of Months Participating in GAIN vs. Non-GAIN Vocational Training or Post-Secondary Education, per Experimental



B. Estimated Average Number of Months Participating in Vocational Training or Post-Secondary Education Within the Two- to Three-Year Registrant Survey Follow-Up Period vs. the Post-Survey Follow-Up Period

SOURCE AND NOTES: See Tables 2.4 and 2.7.

It is readily apparent from the size of the white portion of the bars that participation in non-GAIN vocational training and post-secondary education constituted a substantial share – from 16 percent in Alameda to 45 percent in San Diego – of the total number of months of participation in those activities per experimental. GAIN was not the only route to training for experimentals. This is one reason why resources other than those commanded directly or indirectly by the welfare department for GAIN registrants must be considered (as they are in Chapter 3) in estimating the average total cost of providing employment-related services to the experimental group.

When the bars for each county are compared, Alameda stands out. In that county, GAIN-related participation in vocationally oriented activities (the shaded portion of the bar) accounted for the same or more months of participation than the *combined* GAIN and non-GAIN participation in the other counties.

The bottom panel of Figure 2.2 illustrates an important point about the timing of participation in vocational training and post-secondary education. In that graph, the shaded portion of each bar represents participation in vocational training or post-secondary education initiated during the two- to three-year survey follow-up period, while the white portion reflects participation in the post-survey period. In all counties, the shaded portion of the bar predominates, accounting for about 69 percent of the total months spent in such activities in Alameda to about 85 percent in Riverside. As will be discussed further in Chapter 3, this implies that most of the cost of these activities was incurred within about the first half of the five-year time horizon (as was true to an even greater degree for the other activities).

## III. The Impact of GAIN on Participation in Employment-Related Activities Within the Five Years After Orientation

### A. Participation Patterns Among AFDC-FG Controls

The registrant survey was used to estimate participation in employment-related activities among controls within two to three years after orientation; for the post-survey period, projections had to be made, based on the proportion of controls still participating in activities at the time of their survey interview. (Because the survey was not conducted in Butte, and the survey data on the small control group survey sample in Los Angeles were not considered reliable, alternative procedures that drew upon the survey findings in the other four counties had to be used for these two counties.)[17] Of course, by definition, all participation by the control group was *non-GAIN* participation. The results are presented in Table 2.4.

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[17] The average length of stay in each activity among controls in Butte and Los Angeles was approximated from patterns of control group behavior in the other four counties, but adjusted to reflect, among other conditions, the very high representation in Los Angeles of registrants determined to need basic education, and the much lower representation of that population in Butte. Since the average length of stay per control group member varied so little across the other four counties (see the bottom panel of Table 2.4), the imputed estimates for Butte and Los Angeles can be viewed as quite reasonable approximations. It is also noteworthy that the resulting estimates for controls in Los Angeles are very close to the participation rates found for controls on the registrant survey itself. (See Appendix Table C.2.) Although neither of these approaches for estimating controls' participation patterns in Los Angeles are ideal, the fact that they each yield similar estimates reinforces the conclusion that the estimates presented in Table 2.4 for Los Angeles are indeed reasonable.

It is noteworthy that the control group's participation was substantial, but concentrated mostly in vocational training and post-secondary education. Indeed, for all counties combined, only about 4 percent of AFDC-FG controls participated in job search activities within the two- to three-year survey follow-up period; 5 percent participated in ABE/GED courses; 3 percent participated in ESL courses; and even fewer took part in unpaid work experience and OJT assignments. However, about 23 percent of the controls took part in vocational training or post-secondary education.[18] At the same time, except in Riverside, controls who started such activities tended to remain in them for a shorter period of time than did experimentals who started them. (Compare the middle panel of Table 2.4 to that of Table 2.3.)

## B. Experimental-Control Differences in Participation

Table 2.5 directly compares the percentage of AFDC-FG experimentals and controls who participated in any employment-related activities (counting GAIN and non-GAIN activities for experimentals) within the two- to three-year survey follow-up period. The difference in these rates represents the "impact" of GAIN, which tells how much experimentals' participation *changed* compared to what it would have been in the absence of GAIN.[19] As the table shows, GAIN's impact on participation rates was largest for job search activities (25 percentage points for all counties combined) and ABE/GED (24 percentage points). The program had little overall impact (3.3 percentage points) on the percentage ever participating in vocational training or post-secondary education.[20]

Table 2.6 presents GAIN's impacts on the average number of months of participation in each activity, using data covering the full five-year period. (As previously explained, the averages per experimental and per control are lower than the averages *per participant* in each group because they include zero months of participation for those who never started a specified activity.) As the table shows, impacts are evident on this measure for all activities, but they are larger in some counties than others, depending on the activity. GAIN's effects on the average length of stay in ABE/GED activities

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[18] In part, this pattern may reflect a greater availability of vocational training and post-secondary education in the community, but controls may have also preferred these types of activities more than the others.

[19] Because these impacts were based on measures constructed from several data sources, it was not possible to test their statistical significance.

[20] Appendix Table C.2 shows the estimated impact of GAIN on all activities, using the survey data alone, rather than following the preferred general principle described previously: relying more heavily on county casefile data to measure participation rates in GAIN activities among experimentals and survey data for estimating non-GAIN participation among experimentals and controls. An assessment of the quality of these survey data found that participation in GAIN job search and basic education activities had been underreported, which was one reason for the decision to rely more heavily on casefile data in estimating the rate of experimentals' participation in GAIN activities. It should also be noted that the survey sample does not completely match the participant flow sample for whom casefile data were collected for experimentals. Relying on the survey data alone for estimating GAIN's impacts would have resulted in estimating notably smaller effects on job search and basic education but somewhat larger effects on the use of vocational training and post-secondary education.

## TABLE 2.4

## LONGER-TERM PARTICIPATION PATTERNS IN EMPLOYMENT-RELATED ACTIVITIES AMONG AFDC-FG AND AFDC-U CONTROLS

| Sample and Outcome | AFDC-FGs | | | | | | | AFDC-Us (c) |
|---|---|---|---|---|---|---|---|---|
| | Alameda | Butte (a) | Los Angeles (b) | Riverside | San Diego | Tulare | All Counties | All Counties |
| **All controls** | | | | | | | | |
| Ever participated *within two to three years after orientation* in (%) | | | | | | | | |
| Job search | 4.2 | n/a | 4.2 | 1.4 | 7.8 | 1.7 | 3.9 | 2.7 |
| ABE/GED | 6.9 | n/a | 5.8 | 4.8 | 4.4 | 5.3 | 5.4 | 3.6 |
| ESL | 0.4 | n/a | 2.8 | 4.4 | 2.8 | 4.2 | 2.9 | 7.8 |
| Vocational training or post-secondary education | 23.1 | n/a | 10.8 | 28.6 | 31.8 | 21.2 | 23.1 | 12.4 |
| Unpaid work experience | 0.6 | n/a | 0.6 | 0.6 | 1.2 | 0.8 | 0.8 | 0.8 |
| OJT | 0.3 | n/a | 0.7 | 0.8 | 0.8 | 1.1 | 0.7 | 0.8 |
| **Controls who started specified activities within two to three years after orientation** | | | | | | | | |
| Average number of months participating *within two to three years after orientation* in | | | | | | | | |
| Job search | 1.7 | n/a | 2.9 | 5.0 | 3.6 | 1.2 | 2.9 | 3.3 |
| ABE/GED | 4.8 | n/a | 5.2 | 5.6 | 4.8 | 5.8 | 5.2 | 5.6 |
| ESL | 5.0 | n/a | 4.6 | 3.0 | 2.1 | 8.3 | 4.6 | 4.6 |
| Vocational training or post-secondary education | 8.0 | n/a | 6.9 | 8.4 | 7.7 | 7.7 | 7.7 | 7.8 |
| Unpaid work experience | 1.7 | n/a | 3.3 | 5.0 | 1.7 | 5.0 | 3.3 | 2.5 |
| **All controls** | | | | | | | | |
| Average number of months participating *within five years after orientation* in | | | | | | | | |
| Job search | 0.2 | 0.2 | 0.2 | 0.1 | 0.4 | 0.0 | 0.2 | 0.1 |
| ABE/GED | 0.6 | 0.4 | 0.5 | 0.4 | 0.5 | 0.4 | 0.4 | 0.3 |
| ESL | 0.1 | 0.2 | 0.2 | 0.1 | 0.2 | 0.5 | 0.2 | 0.5 |
| Vocational training or post-secondary education | 3.0 | 3.4 | 1.1 | 3.9 | 3.9 | 2.7 | 3.0 | 1.5 |
| Unpaid work experience | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Sample size | | | | | | | | |
| Registrant survey data | 348 | n/a | -- | 342 | 336 | 363 | 1389 | -- |

SOURCE: Calculations using data from the MDRC participant flow study and the GAIN registrant survey.

NOTES: Participation is defined as number of months with any participation
In the all-county averages, the results for each county are weighted equally.
Where data are not available, "n/a" is used.
Where data are not applicable, dashes are used.
The results shown in the second panel of the table were calculated by dividing the average number of months participating in a given activity within two to three years after orientation among all registrants by the percentage of registrants who reported participating in that activity within the two to three years after orientation.

(continued)

## TABLE 2.4 (continued)

The follow-up period for the survey ranged from 26 to 37 months, on average, across the five counties where the registrant survey was conducted.

Estimates for controls are based on data from the registrant survey and projections for the post-survey period.

"Vocational training or post-secondary education" includes a small proportion of individuals who attended high school.

Tests of statistical significance of the differences across counties were not performed.

Rounding may cause slight discrepancies in calculating sums and averages.

(a) Because the registrant survey was not conducted in Butte, some components of the duration of participation measures were imputed from survey data from the other counties.

(b) An analysis of response patterns to the survey in Los Angeles revealed that the earnings and AFDC payments during the follow-up period of controls who responded to the survey differed markedly from those of controls who did not respond to the survey. For this reason, for all survey-based measures for the participation calculations, control group estimates in Los Angeles were imputed from data on controls' participation patterns in Alameda, Riverside, San Diego, and Tulare.

(c) The AFDC-U sample does not include any registrants from Alameda. Also, because the registrant survey included only a small number of AFDC-U registrants in each county, participation estimates for this group include imputations based on AFDC-FG survey data.

## TABLE 2.5

## GAIN's ESTIMATED IMPACTS ON THE PERCENTAGE OF REGISTRANTS WHO EVER PARTICIPATED IN EMPLOYMENT-RELATED ACTIVITIES WITHIN TWO TO THREE YEARS AFTER ORIENTATION

| Outcome and Research Group | AFDC-FGs Alameda | AFDC-FGs Los Angeles | AFDC-FGs Riverside | AFDC-FGs San Diego | AFDC-FGs Tulare | AFDC-FGs All Counties | AFDC-Us (a) All Counties |
|---|---|---|---|---|---|---|---|
| Ever participated in job search | | | | | | | |
| Experimentals (%) | 32.2 | 14.0 | 38.0 | 34.0 | 24.2 | 28.5 | 24.9 |
| Controls (%) | 4.2 | 4.2 | 1.4 | 7.8 | 1.7 | 3.9 | 2.7 |
| Difference | 28.0 | 9.8 | 36.6 | 26.2 | 22.5 | 24.6 | 22.2 |
| Ever participated in ABE/GED | | | | | | | |
| Experimentals (%) | 42.3 | 27.2 | 20.7 | 18.1 | 36.9 | 29.0 | 18.8 |
| Controls (%) | 6.9 | 5.8 | 4.8 | 4.4 | 5.3 | 5.4 | 3.6 |
| Difference | 35.4 | 21.4 | 15.9 | 13.7 | 31.6 | 23.6 | 15.2 |
| Ever participated in ESL | | | | | | | |
| Experimentals (%) | 3.2 | 13.3 | 6.7 | 5.2 | 6.7 | 7.0 | 16.7 |
| Controls (%) | 0.4 | 2.8 | 4.4 | 2.8 | 4.2 | 2.9 | 7.8 |
| Difference | 2.8 | 10.5 | 2.3 | 2.4 | 2.5 | 4.1 | 8.9 |
| Ever participated in vocational training or post-secondary education | | | | | | | |
| Experimentals (%) | 28.4 | 13.5 | 26.8 | 34.8 | 28.6 | 26.4 | 14.2 |
| Controls (%) | 23.1 | 10.8 | 28.6 | 31.8 | 21.2 | 23.1 | 12.4 |
| Difference | 5.3 | 2.7 | -1.8 | 3.0 | 7.4 | 3.3 | 1.8 |
| Ever participated in unpaid work experience | | | | | | | |
| Experimentals (%) | 2.4 | 0.0 | 0.0 | 2.0 | 0.7 | 1.0 | 0.8 |
| Controls (%) | 0.6 | 0.6 | 0.6 | 1.2 | 0.8 | 0.8 | 0.8 |
| Difference | 1.8 | -0.6 | -0.6 | 0.8 | -0.1 | 0.3 | 0.0 |
| Ever participated in OJT | | | | | | | |
| Experimentals (%) | 0.0 | 0.0 | 0.8 | 3.7 | 0.3 | 1.0 | 0.2 |
| Controls (%) | 0.3 | 0.7 | 0.8 | 0.8 | 1.1 | 0.7 | 0.8 |
| Difference | -0.3 | -0.7 | 0.0 | 2.9 | -0.8 | 0.2 | -0.6 |
| Sample sizes | | | | | | | |
| Program tracking data | | | | | | | |
| Experimentals | 602 | 3013 | 248 | 247 | 225 | 4335 | 1255 |
| Controls | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Registrant survey data | | | | | | | |
| Experimentals | 335 | 223 | 674 | 337 | 356 | 1925 | -- |
| Controls | 348 | -- | 342 | 336 | 363 | 1389 | -- |

SOURCE: See Tables 2.3 and 2.4.

NOTES: See Tables 2.3 and 2.4.
Tests of statistical significance of the differences between research groups were not performed.
(a) The AFDC-U sample does not include any registrants from Alameda.

## TABLE 2.6

## GAIN's ESTIMATED IMPACTS ON THE NUMBER OF MONTHS PARTICIPATING IN EMPLOYMENT-RELATED ACTIVITIES WITHIN FIVE YEARS AFTER ORIENTATION

| | AFDC-FGs | | | | | | | AFDC-Us (a) |
|---|---|---|---|---|---|---|---|---|
| Outcome and Research Group | Alameda | Butte | Los Angeles | Riverside | San Diego | Tulare | All Counties | All Counties |
| Average number of months in job search activities | | | | | | | | |
| Experimentals | 0.7 | 0.7 | 0.8 | 1.0 | 1.0 | 0.6 | 0.8 | 0.8 |
| Controls | 0.2 | 0.2 | 0.2 | 0.1 | 0.4 | 0.0 | 0.2 | 0.1 |
| Difference | 0.5 | 0.5 | 0.6 | 0.9 | 0.6 | 0.6 | 0.6 | 0.7 |
| Average number of months in ABE/GED | | | | | | | | |
| Experimentals | 4.3 | 1.7 | 2.9 | 1.3 | 1.1 | 3.7 | 2.5 | 1.7 |
| Controls | 0.6 | 0.4 | 0.5 | 0.4 | 0.5 | 0.4 | 0.4 | 0.3 |
| Difference | 3.7 | 1.3 | 2.4 | 0.9 | 0.6 | 3.3 | 2.1 | 1.4 |
| Average number of months in ESL | | | | | | | | |
| Experimentals | 0.4 | 0.9 | 1.4 | 0.5 | 0.4 | 1.2 | 0.8 | 1.6 |
| Controls | 0.1 | 0.2 | 0.2 | 0.1 | 0.2 | 0.5 | 0.2 | 0.5 |
| Difference | 0.3 | 0.7 | 1.2 | 0.4 | 0.2 | 0.7 | 0.6 | 1.1 |
| Average number of months in vocational training or post-secondary education | | | | | | | | |
| Experimentals | 4.5 | 3.2 | 1.9 | 2.6 | 3.8 | 3.4 | 3.2 | 1.9 |
| Controls | 3.0 | 3.4 | 1.1 | 3.9 | 3.9 | 2.7 | 3.0 | 1.5 |
| Difference | 1.5 | -0.2 | 0.8 | -1.3 | -0.1 | 0.7 | 0.2 | 0.4 |
| Average number of months in unpaid work experience | | | | | | | | |
| Experimentals | 0.3 | 0.3 | 0.0 | 0.1 | 0.5 | 0.0 | 0.2 | 0.2 |
| Controls | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Difference | 0.3 | 0.3 | 0.0 | 0.1 | 0.5 | 0.0 | 0.2 | 0.2 |
| Sample sizes | | | | | | | | |
| Program tracking data | | | | | | | | |
| Experimentals | 602 | 200 | 3013 | 248 | 247 | 225 | 4535 | 1255 |
| Controls | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Registrant survey data | | | | | | | | |
| Experimentals | 335 | n/a | 223 | 674 | 337 | 356 | 1925 | -- |
| Controls | 348 | n/a | -- | 342 | 336 | 363 | 1389 | -- |

SOURCE: See Tables 2.3 and 2.4.

NOTES: See Tables 2.3 and 2.4.
Tests of statistical significance of the differences between research groups were not performed.
(a) The AFDC-U sample does not include any registrants from Alameda.

and in vocational training and post-secondary education are of particular interest, for these activities, unlike job search, were usually scheduled to last for more than just a few weeks and, unlike unpaid work experience, were used by a substantial proportion of experimentals. GAIN increased the duration of participation in ABE/GED activities by 2.1 months per experimental for the six counties combined. GAIN also had an effect on the average length of stay in vocational training and post-secondary education, but the direction of this effect varied across the counties, from a reduction of 1.3 months, on average, in Riverside to an increase of 1.5 months in Alameda.

Another way to view the program's impacts on service receipt is to examine those effects separately for two subgroups that, under GAIN's rules, were subject to different sequences of activities: those who were determined to need basic education and those who were determined not to need it. Of particular interest with regard to the latter group was their use of vocational training and post-secondary education. Table 2.7 shows that Alameda substantially increased the rate of participation in those activities by experimentals in the not-in-need subgroup – by more than 16 percentage points during the two- to three-year survey follow-up period. Moreover, as Appendix Table C.3 indicates, it increased (over the five-year time period) their length of stay in such activities by 3.5 months per experimental, above and beyond the average length of participation per control. No other county produced such a large increase. In contrast, Riverside appears to have reduced the use of vocational training and post-secondary education by 2.0 months, on average, by the experimentals in this subgroup, as shown in Table C.3.[21] At the same time, both Riverside and Alameda – and other counties as well – produced large impacts on the proportion of experimentals not needing basic education who ever participated in job search activities.

Table 2.8 and Appendix Table C.4 present similar participation data for those registrants who *were* determined to need basic education. It shows that all of the counties substantially increased the participation rates and the average length of participation in ABE/GED classes per experimental in this subgroup (and, to a smaller extent, in ESL classes). Furthermore, all counties increased participation in job search activities, with Riverside producing the largest impact on the overall rate of participation in this component.

To summarize: GAIN's impacts on participation varied across the basic education subgroups. For those determined *not* to need basic education, the program in some counties increased the use of both job search and vocational education and training activities (especially in Alameda) or of job search alone; and in some cases (especially in Riverside), it reduced the use of education and training, on average. For those determined to need basic education, GAIN increased participation in job search and basic education. Overall, the program produced little net effect on the use of unpaid work experience and OJT for either of these subgroups. These patterns are important, because they will help to explain much of the county variation in costs and benefit-cost findings discussed in Chapters 3 and 7.

## C. Impacts on Educational Attainment

In some counties, GAIN also appears to have affected educational attainment. As Table 2.9

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[21] This reduction could have occurred in a number of ways. For example, it is possible that some experimentals who might have participated in vocational training in the absence of GAIN may have been directed into job search activities by the GAIN program and found a job without first participating in training activities. If this occurred, it would imply that GAIN led to a substitution of job search and quicker employment for the participation in vocational training that would have otherwise occurred.

## TABLE 2.7

## FOR THOSE DETERMINED NOT TO NEED BASIC EDUCATION: GAIN's ESTIMATED IMPACTS ON THE PERCENTAGE OF AFDC-FG REGISTRANTS WHO EVER PARTICIPATED IN EMPLOYMENT-RELATED ACTIVITIES WITHIN TWO TO THREE YEARS AFTER ORIENTATION

| Outcome and Research Group | Alameda | Los Angeles (a) | Riverside | San Diego | Tulare | All Counties |
|---|---|---|---|---|---|---|
| Ever participated in job search | | | | | | |
| Experimentals (%) | 55.9 | 25.8 | 50.1 | 41.9 | 46.4 | 44.0 |
| Controls (%) | 3.6 | 2.9 | 2.3 | 7.9 | 3.0 | 3.9 |
| Difference | 52.3 | 22.9 | 47.8 | 34.0 | 43.4 | 40.1 |
| Ever participated in ABE/GED | | | | | | |
| Experimentals (%) | 8.2 | 3.8 | 0.0 | 0.0 | 3.3 | 3.1 |
| Controls (%) | 3.5 | 2.0 | 0.7 | 0.7 | 2.5 | 1.9 |
| Difference | 4.7 | 1.8 | −0.7 | −0.7 | 0.8 | 1.2 |
| Ever participated in ESL | | | | | | |
| Experimentals (%) | 0.5 | 0.3 | 0.0 | 0.0 | 0.0 | 0.2 |
| Controls (%) | 0.0 | 0.1 | 0.0 | 0.4 | 0.0 | 0.1 |
| Difference | 0.5 | 0.2 | 0.0 | −0.4 | 0.0 | 0.1 |
| Ever participated in vocational training or post-secondary education | | | | | | |
| Experimentals (%) | 48.3 | 27.6 | 40.9 | 48.3 | 48.8 | 42.8 |
| Controls (%) | 31.9 | 23.0 | 43.3 | 43.5 | 36.7 | 35.7 |
| Difference | 16.4 | 4.6 | −2.4 | 4.8 | 12.1 | 7.1 |
| Ever participated in unpaid work experience | | | | | | |
| Experimentals (%) | 3.9 | 0.0 | 0.0 | 3.6 | 1.8 | 1.9 |
| Controls (%) | 0.0 | 1.2 | 0.7 | 2.7 | 1.5 | 1.2 |
| Difference | 3.9 | −1.2 | −0.7 | 0.9 | 0.3 | 0.6 |
| Ever participated in OJT | | | | | | |
| Experimentals (%) | 0.0 | 0.0 | 0.0 | 8.4 | 0.7 | 1.8 |
| Controls (%) | 0.4 | 0.8 | 1.0 | 0.7 | 1.1 | 0.8 |
| Difference | −0.4 | −0.8 | −1.0 | 7.7 | −0.4 | 1.0 |
| Sample sizes | | | | | | |
| Program tracking data | | | | | | |
| Experimentals | 209 | 583 | 81 | 110 | 79 | 1062 |
| Controls | n/a | n/a | n/a | n/a | n/a | n/a |
| Registrant survey data | | | | | | |
| Experimentals | 109 | -- | 282 | 146 | 140 | 677 |
| Controls | 106 | -- | 148 | 147 | 137 | 538 |

SOURCE: See Tables 2.3 and 2.4.

NOTES: See Tables 2.3 and 2.4.

Tests of statistical significance of the differences between research groups were not performed.

(a) Because the registrant survey sample of experimentals determined not to need basic education in Los Angeles was too small to produce reliable results, some components of the participation measures were imputed from survey data from the other counties.

## TABLE 2.8

## FOR THOSE DETERMINED TO NEED BASIC EDUCATION: GAIN's ESTIMATED IMPACTS ON THE PERCENTAGE OF AFDC-FG REGISTRANTS WHO EVER PARTICIPATED IN EMPLOYMENT-RELATED ACTIVITIES WITHIN TWO TO THREE YEARS AFTER ORIENTATION

| Outcome and Research Sample | Alameda | Los Angeles | Riverside | San Diego | Tulare | All Counties |
|---|---|---|---|---|---|---|
| Ever participated in job search | | | | | | |
| Experimentals (%) | 19.6 | 11.2 | 32.0 | 27.4 | 12.4 | 20.5 |
| Controls (%) | 3.8 | 3.8 | 0.7 | 7.5 | 0.9 | 3.3 |
| Difference | 15.8 | 7.4 | 31.3 | 19.9 | 11.5 | 17.2 |
| Ever participated in ABE/GED | | | | | | |
| Experimentals (%) | 60.5 | 32.8 | 30.8 | 32.6 | 55.1 | 42.4 |
| Controls (%) | 8.7 | 7.1 | 6.4 | 7.3 | 6.9 | 7.3 |
| Difference | 51.8 | 25.7 | 24.4 | 25.3 | 48.2 | 35.1 |
| Ever participated in ESL | | | | | | |
| Experimentals (%) | 4.6 | 16.4 | 9.8 | 9.5 | 10.5 | 10.2 |
| Controls (%) | 0.5 | 3.7 | 8.1 | 4.5 | 6.4 | 4.6 |
| Difference | 4.1 | 12.7 | 1.7 | 5.0 | 4.1 | 5.5 |
| Ever participated in vocational training or post-secondary education | | | | | | |
| Experimentals (%) | 18.5 | 10.7 | 18.6 | 24.3 | 16.8 | 17.8 |
| Controls (%) | 18.3 | 7.6 | 19.8 | 22.5 | 12.8 | 16.2 |
| Difference | 0.2 | 3.1 | -1.2 | 1.8 | 4.0 | 1.6 |
| Ever participated in unpaid work experience | | | | | | |
| Experimentals (%) | 1.5 | 0.0 | 0.0 | 0.7 | 0.2 | 0.5 |
| Controls (%) | 0.8 | 0.4 | 0.5 | 0.0 | 0.4 | 0.4 |
| Difference | 0.7 | -0.4 | -0.5 | 0.7 | -0.2 | 0.1 |
| Ever participated OJT | | | | | | |
| Experimentals (%) | 0.0 | 0.0 | 1.2 | 0.0 | 0.0 | 0.2 |
| Controls (%) | 0.2 | 0.7 | 0.5 | 0.8 | 1.1 | 0.7 |
| Difference | -0.2 | -0.7 | 0.7 | -0.8 | -1.1 | -0.4 |
| Sample sizes | | | | | | |
| Program tracking data | | | | | | |
| Experimentals | 393 | 2430 | 167 | 137 | 146 | 3273 |
| Controls | n/a | n/a | n/a | n/a | n/a | n/a |
| Registrant survey data | | | | | | |
| Experimentals | 226 | 189 | 392 | 191 | 216 | 1214 |
| Controls | 242 | n/a | 194 | 189 | 226 | 851 |

SOURCE: See Tables 2.3 and 2.4.

NOTES: See Tables 2.3 and 2.4.
Tests of statistical significance of the differences between research groups were not performed.

shows for those determined *not* to need basic education, Alameda increased the receipt of a trade certificate by almost 6 percentage points (although this result was not statistically significant) and the receipt of a Bachelor's degree by 3 percentage points (an effect that was statistically significant). These patterns at least suggest that Alameda's impacts on this group's use of education and training resulted, for some, in education credentials that they would not have otherwise obtained and that may have had some effect on their employment and welfare experiences. It is also noteworthy that San Diego produced an increase of 5 percentage points (statistically significant) on the receipt of an Associate's degree for experimentals in the not-in-need subgroup. For those determined to need basic education, Alameda and Tulare produced a statistically significant increase in the attainment of a GED, by almost 8 percentage points and 19 percentage points, respectively. However, according to a previous MDRC report, San Diego was the only county to produce a statistically significant increase in basic skills, as measured by the TALS literacy test, among registrants determined to need basic education.[22]

## IV. County Differences in Implementation Strategies

The GAIN "treatment," through which counties aim to move welfare recipients into jobs and off welfare, consists of a variety of elements. Participation in the program's activities is fundamental. However, participation patterns are by no means the whole story, for what registrants experience in GAIN is heavily influenced by how the program is implemented and what kinds of direct interactions registrants have with staff. These issues are discussed in this and the following section of this chapter. Table 2.10 summarizes county differences on a variety of implementation dimensions.[23] Chapter 8 will examine whether some of the implementation strategies help to explain the county differences in three-year impact results.

In many welfare-to-work programs, it is through the case managers that the mission of the program is communicated to registrants and the efforts of the welfare department to influence their behavior are expressed. It is thus reasonable to expect, as many administrators do, that the way the role of case manager is defined and put into practice may greatly influence the program's effectiveness in moving registrants into jobs and off welfare.

MDRC's previous reports on GAIN gave special attention to several alternative ways of providing case management in welfare-to-work programs. These dimensions of program implementation embody competing theories of how welfare-to-work programs can most effectively help welfare recipients progress toward self-sufficiency. They also have important implications for how a program's resources will be allocated. Consequently, it is important for administrators to know whether some of these approaches have a more favorable influence on impacts than others.

### A. The Degree of Emphasis on Quick Job Entry Vs. More Education and Training

An important decision that GAIN administrators (and those of other JOBS programs) must make is how much to emphasize the goal of moving registrants into the labor market quickly (even if it

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[22] Martinson and Friedlander, 1994. None of the other counties produced statistically significant positive effects on this outcome measure.

[23] See Riccio and Friedlander, 1992, Chapter 3, for a full description of these strategies and other implementation approaches and conditions. See Martinson and Friedlander, 1994, for details on the implementation of the basic education component.

## TABLE 2.9

## GAIN's IMPACTS ON RECEIPT OF AN EDUCATION CREDENTIAL WITHIN TWO TO THREE YEARS AFTER ORIENTATION FOR AFDC-FG REGISTRANTS, BY COUNTY

| Outcome and Research Group | Alameda | Los Angeles (a) | Riverside | San Diego | Tulare | All Counties |
|---|---|---|---|---|---|---|
| **Full sample** | | | | | | |
| Received GED or high school diploma during follow-up period | | | | | | |
| Experimentals (%) | 7.2 | 2.2 | 4.0 | 4.8 | 13.0 | 7.2 |
| Controls (%) | 0.9 | -- | 3.5 | 2.0 | 1.1 | 1.9 |
| Difference | 6.2 *** | -- | 0.5 | 2.8 ** | 11.9 *** | 5.4 (b) |
| Received trade certificate during follow-up period | | | | | | |
| Experimentals (%) | 7.9 | 3.1 | 9.8 | 10.2 | 9.0 | 9.2 |
| Controls (%) | 6.1 | -- | 9.2 | 12.4 | 7.6 | 8.8 |
| Difference | 1.8 | -- | 0.6 | −2.1 | 1.3 | 0.4 (b) |
| Received Associate's degree during follow-up period | | | | | | |
| Experimentals (%) | −0.1 | 0.9 | 2.1 | 3.0 | 1.7 | 1.7 |
| Controls (%) | 0.9 | -- | 1.8 | 0.8 | 0.9 | 1.1 |
| Difference | −1.0 * | -- | 0.3 | 2.1 * | 0.7 | 0.6 (b) |
| Received Bachelor's degree during follow-up period | | | | | | |
| Experimentals (%) | 0.8 | 0.9 | 1.1 | 0.9 | 1.1 | 1.0 |
| Controls (%) | −0.0 | -- | 0.6 | 0.3 | 0.3 | 0.3 |
| Difference | 0.8 | -- | 0.5 | 0.5 | 0.9 | 0.7 (b) |
| *Experimentals with credential by end of follow-up period (c) (%)* | | | | | | |
| GED or high school diploma | 61.8 | 33.6 | 55.6 | 59.6 | 61.5 | 59.6 |
| Trade certificate | 28.1 | 9.4 | 28.2 | 35.9 | 25.3 | 29.4 |
| Associate's degree | 3.3 | 4.5 | 4.9 | 6.5 | 5.1 | 5.0 |
| Bachelor's degree | 1.8 | 2.2 | 1.6 | 3.6 | 1.4 | 2.1 |
| Sample size | | | | | | |
| Experimentals | 335 | 223 | 674 | 337 | 356 | 1925 |
| Controls | 348 | -- | 342 | 336 | 363 | 1389 |
| **Those determined not to need basic education** | | | | | | |
| Received trade certificate during follow-up period | | | | | | |
| Experimentals (%) | 13.1 | -- | 14.1 | 15.3 | 10.9 | 13.3 |
| Controls (%) | 7.2 | -- | 12.4 | 16.7 | 10.7 | 11.8 |
| Difference | 5.9 | -- | 1.7 | −1.4 | 0.2 | 1.6 (b) |
| Received Associate's degree during follow-up period | | | | | | |
| Experimentals (%) | −0.1 | -- | 4.6 | 5.9 | 4.0 | 3.6 |
| Controls (%) | 1.1 | -- | 4.1 | 0.9 | 2.4 | 2.1 |
| Difference | −1.2 | -- | 0.4 | 5.1 ** | 1.6 | 1.5 (b) |
| Received Bachelor's degree during follow-up period | | | | | | |
| Experimentals (%) | 3.0 | -- | 2.2 | 1.9 | 3.0 | 2.5 |
| Controls (%) | −0.2 | -- | 1.3 | 0.9 | 0.6 | 0.7 |
| Difference | 3.2 * | -- | 0.9 | 1.1 | 2.4 | 1.9 (b) |

(continued)

## TABLE 2.9 (continued)

| Outcome and Research Group | Alameda | Los Angeles (a) | Riverside | San Diego | Tulare | All Counties |
|---|---|---|---|---|---|---|
| *Experimentals with credential by end of follow-up period (c) (%)* | | | | | | |
| Trade certificate | 46.8 | -- | 39.4 | 50.7 | 39.3 | 44.1 |
| Associate's degree | 6.4 | -- | 11.0 | 13.7 | 12.1 | 10.8 |
| Bachelor's degree | 5.5 | -- | 3.6 | 6.9 | 3.6 | 33.3 |
| Sample size | | | | | | |
| Experimentals | 109 | -- | 282 | 146 | 140 | 677 |
| Controls | 106 | -- | 148 | 147 | 137 | 538 |
| **Those determined to need basic education** | | | | | | |
| Received GED or high school diploma during follow-up period | | | | | | |
| Experimentals (%) | 9.0 | 2.7 | 6.0 | 6.1 | 20.8 | 10.5 |
| Controls (%) | 1.5 | -- | 4.0 | 3.2 | 1.8 | 2.6 |
| Difference | 7.5 *** | -- | 2.0 | 2.9 | 18.9 *** | 7.8 (b) |
| Received trade certificate during follow-up period | | | | | | |
| Experimentals (%) | 5.3 | 3.2 | 6.7 | 6.3 | 8.0 | 6.6 |
| Controls (%) | 5.9 | -- | 7.0 | 8.9 | 5.6 | 6.9 |
| Difference | −0.6 | -- | −0.3 | −2.6 | 2.4 | −0.3 (b) |
| Received Associate's degree during follow-up period | | | | | | |
| Experimentals (%) | −0.1 | 0.5 | 0.3 | 0.9 | 0.0 | 0.3 |
| Controls (%) | 0.8 | -- | 0.0 | 0.7 | 0.0 | 0.4 |
| Difference | −0.9 | -- | 0.3 | 0.1 | 0.0 | −0.1 (b) |
| *Experimentals with credential by end of follow-up period (c) (%)* | | | | | | |
| GED or high school diploma | 46.0 | 24.9 | 26.8 | 32.5 | 38.4 | 35.9 |
| Trade certificate | 19.0 | 7.9 | 20.2 | 24.6 | 16.2 | 20.0 |
| Associate's degree | 1.8 | 3.2 | 0.5 | 1.1 | 0.5 | 15.9 |
| Sample size | | | | | | |
| Experimentals | 226 | 189 | 392 | 191 | 216 | 1214 |
| Controls | 242 | -- | 194 | 189 | 226 | 851 |

SOURCE: MDRC calculations using data from the GAIN registrant survey.

NOTES: A two-tailed t-test was applied to the differences between the experimental and control groups in each county. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; * = 10 percent.

Tests of statistical significance of the differences across counties were not performed.

Where data are not applicable, dashes are used.

Estimates of experimental-control differences are regression-adjusted using ordinary least squares, controlling for pre-random assignment background characteristics of sample members. Regression-adjustment sometimes results in negative experimental or control group means when the full sample unadjusted mean is close to zero.

Rounding may cause slight discrepancies in calculating sums, averages, and differences.

In the all-county averages, the results of each county (excluding Los Angeles) are weighted equally.

The follow-up period for the survey ranged from 26 to 37 months, on average, across the five counties where the registrant survey was conducted. Butte County was not included in the survey.

(a) An analysis of response patterns to the survey in Los Angeles revealed that the earnings and AFDC payments during the follow-up period of controls who responded to the survey differed markedly from those of controls who did not respond to the survey. For this reason, no estimates for controls and no impacts are presented for Los Angeles. Also, because the registrant survey sample of experimentals determined to need basic education in Los Angeles was too small to produce reliable results, no estimates are presented for this subgroup for Los Angeles.

(b) Tests of statistical significance of the experimental-control differences for all counties combined were not performed.

(c) This category includes credentials received both before and during the follow-up period.

## TABLE 2.10

## SELECTED CHARACTERISTICS OF THE GAIN RESEARCH COUNTIES' PROGRAM ORGANIZATIONAL CAPACITY

| Variable | Alameda | Butte | Los Angeles | Riverside | San Diego | Tulare |
|---|---|---|---|---|---|---|
| Job club service provider (a) | EDD | GAIN (on-site) | EDD | EDD (on-site) | EDD/GAIN (on-site) | GAIN (on-site) |
| Registrant/case manager ratio reported by case managers (b) | | | | | | |
| First staff survey wave | 76.4 | 60.5 | 101.0 | 43.1/76.7 (c) | 91.6 | 124.9 |
| Second staff survey wave | 72.9 | 65.8 | 145.2 (d) | 63.7/124.1 (c) | 114.9 | 87.6 |
| Combined average from first and second wave | 74.7 | 63.2 | 127.9 | 53.0/96.7 (c) | 103.4 | 100.3 |
| Special case managers for basic education participants? | No | No | No | No | Yes | No |
| Special GAIN counselors on-site at any education or training provider? | No | Yes | No | No | No | Yes |
| Job placement bonuses or standards for case managers? | No | No | Bonus payments | Placement standards | No | No |
| Staff who rated availability of a particular GAIN service as high (%) | | | | | | |
| Job search | 89.8 | 96.5 | 80.8 | 92.1 | 94.4 | 82.1 |
| Basic education | 94.5 | 77.2 | 82.5 | 82.3 | 63.6 | 90.5 |
| Vocational education and training | 79.7 | 82.5 | 28.7 | 54.4 | 83.7 | 76.8 |
| Staff who rated a particular GAIN service as worthwhile for assigned registrants (%) | | | | | | |
| Job search | 60.3 | 80.7 | 27.9 | 65.1 | 76.5 | 78.6 |
| Basic education | 61.5 | 35.7 | 56.7 | 47.9 | 73.7 | 79.0 |
| Vocational education and training | 51.7 | 71.4 | 48.6 | 23.0 | 52.6 | 68.3 |
| Selected staff background characteristics | | | | | | |
| Average age (years) | 45.2 | 39.5 | 34.0 | 39.9 | 41.8 | 38.8 |
| Bachelor's degree or higher (%) | 79.7 | 70.2 | 96.0 | 43.1 | 86.3 | 29.7 |
| Previously worked in a WIN, JTPA, or other job training program (%) | 20.3 | 38.6 | 38.4 | 50.4 | 62.7 | 20.2 |
| Previously worked as an income maintenance worker (%) | 89.7 | 57.1 | 17.5 | 47.0 | 67.8 | 60.7 |
| Level of timeliness of monitoring information | Lower | Lower | Medium | Higher | Higher | Higher |

(continued)

### TABLE 2.10 (continued)

SOURCE: MDRC Staff Actvities and Attitudes Survey and MDRC field research.

NOTES: (a) EDD refers to the Employment Development Department, California's employment service agency. In Alameda and Los Angeles, job club workshops were conducted by EDD staff at local EDD offices. In Riverside, EDD staff conducted these workshops at the GAIN offices until July 1991, after which GAIN staff took over this function. In San Diego, EDD staff conducted the job club workshops at the GAIN offices and were assisted by GAIN staff.

(b) These caseload sizes are the averages reported by staff on two waves of the staff survey and include the number of active and deferred registrants assigned to staff who performed ongoing case management duties. Within each county, the first wave of the survey was administered at approximately one year after the county began enrolling registrants into the GAIN program, and the second wave was administered at about two years after enrollment commenced.

(c) There are two ratios in Riverside because of the special test being conducted there to determine the effects of more intensive case management and monitoring. The first ratio is for the "low-caseload" group and the second is for the "higher-caseload" group. The weighted average for the two groups for both survey waves combined is 82.

(d) Caseloads were not normally this large; this estimate may have been affected by the timing of the second wave of the staff survey.

means taking relatively low-paying jobs) versus encouraging them to get more education or training so as to prepare themselves for better-paying jobs in the future. Although the GAIN model's prescribed sequences of services (see Chapter 1) limit the ways in which counties can choose to prepare welfare recipients for employment, the counties can substantially influence the direction taken by the program through the policies and practices staff follow on a day-to-day basis. Supporting the quick job entry approach is a view that almost any job is a positive first step, and that advancement will come through acquiring a work history and learning skills on the job. Support for the second approach comes from the view that low-paying jobs will not get many recipients off welfare or keep them from returning to the rolls. Many proponents of the latter view hold that education and training are needed to raise recipients' skills so that recipients can become permanently employed in jobs that offer wages and benefits exceeding what they could receive on welfare. Prior research offers little guidance for judging which approach is likely to yield bigger impacts on employment and welfare over the longer term.[24]

It must be stressed that a county's emphasis on quick job entry may or may not be reflected in the proportion of registrants participating in job search. For example, two counties with similar job search participation rates might present very different "messages" to registrants about employment. As an illustration, staff in some counties tend to discourage registrants who enter job search from seeking very low-paying or "dead-end" jobs, urging them instead to take full advantage of the program's subsequent option for more education and training. They advise registrants to view upfront job search as an "informational experience," which would provide job-seeking skills and would be valuable after further education and training. In other counties, the primary objective of job search is to encourage immediate employment, with lower priority attached to the starting wage rate.[25] These different messages about employment may also be communicated at other junctures in the program, including the initial orientation and appraisal sessions, and during ongoing contacts with registrants who are in education activities, are temporarily deferred from participation, or are waiting to be assigned to a new activity.

The six counties examined for this report varied in how they wanted to prepare registrants for employment. To compare counties, a scale was constructed using data from a staff survey.[26] The stronger a county staff's emphasis on quick employment, the higher the county's score on this scale. The summary data for each county are presented in Figure 2.3A, where a higher score is represented by a longer bar.

Riverside clearly stands apart from the other counties on this dimension: Its staff placed much

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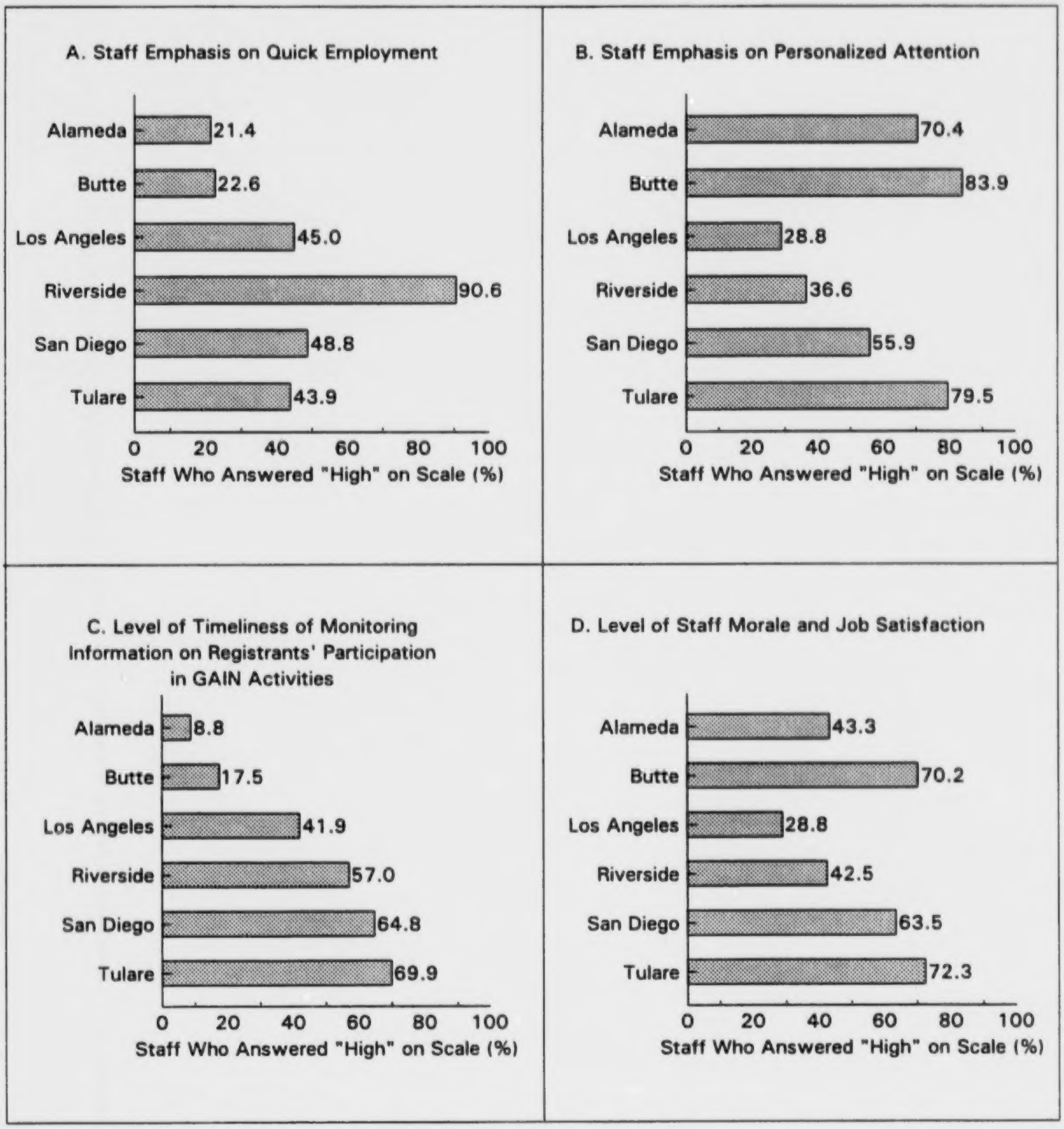
[24] This question is being studied directly in the National JOBS Evaluation, using a random assignment research design. In three evaluation sites, welfare recipients have been randomly assigned to a "labor force attachment" stream, which aims to move clients into jobs as quickly as possible; a "human capital development" stream, which emphasizes longer-term education and training; or a non-JOBS control group. The employment, earnings, and welfare outcomes for each group over a follow-up period lasting several years will be compared to determine the relative effectiveness of each strategy. Riverside County is one of the three sites in which this test is being conducted. Short-term findings from that comparison are scheduled to be available by 1996.

[25] These alternative approaches to job search were also observed in MDRC's 1989 report on the early implementation of GAIN in a different set of counties. See Riccio et al., 1989.

[26] For a description of the methodology that was used to create scales based on the staff survey, see Riccio and Friedlander, 1992.

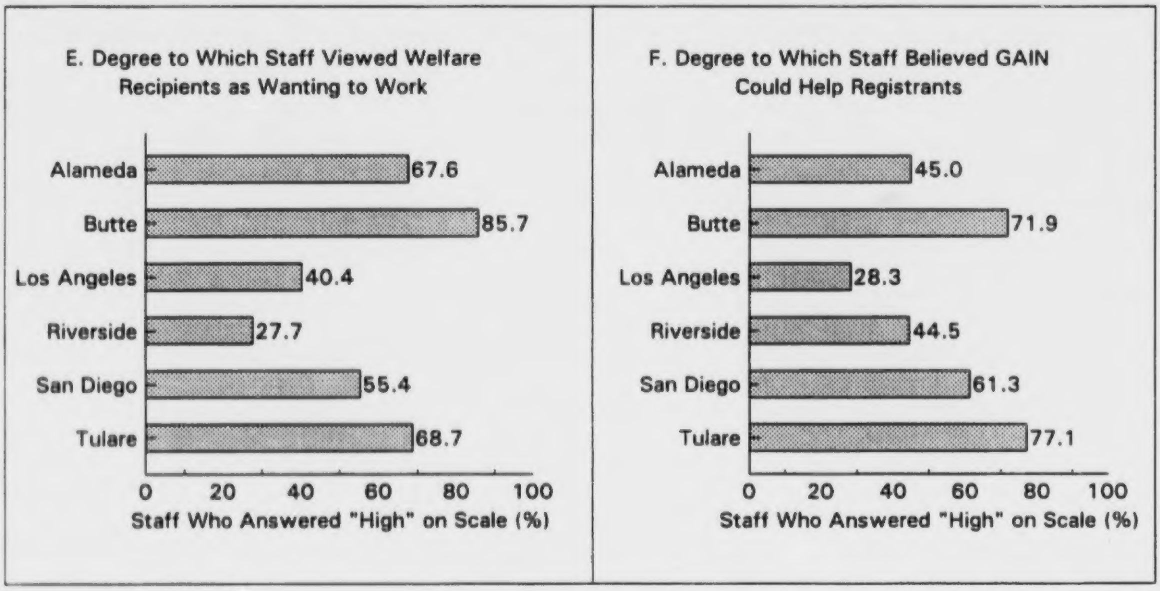
## FIGURE 2.3

## COUNTY DIFFERENCES IN SELECTED IMPLEMENTATION PRACTICES AND CONDITIONS



(continued)

## FIGURE 2.3 (continued)



E. Degree to Which Staff Viewed Welfare Recipients as Wanting to Work

F. Degree to Which Staff Believed GAIN Could Help Registrants

SOURCE: MDRC Staff Activities and Attitudes Survey.

more emphasis on moving registrants into the labor market quickly than did the staff in any other county. Alameda and Butte had the lowest scores (i.e., they placed greater priority on being more selective and preparing for a "better" job through more education and training). Los Angeles, San Diego, and Tulare rank in between, but closer to Alameda and Butte than to Riverside.[27]

The emphasis in Riverside on quick employment was created, in part, by assigning case managers job placement standards. Further, supervisory units and district offices were assigned job placement goals as well, culminating in a county-wide goal. (None of the other evaluation counties had such a policy.) Administrators created these standards to send a clear message to staff that job placements were a high priority for the agency. How well staff met their job placement standards (which applied to registrants in education and training activities as well as to those in job search) was an important determinant of their overall job performance ratings. (However, there was no evidence that Riverside staff were "creaming" their caseload – in other words, giving more attention to registrants who seemed most job-ready – in order to reach their standards. This is a common risk associated with placement standards.)[28] Also in Riverside, each local office had its own job developer, who established contacts with the employers in the community and encouraged them to call the GAIN office when they had positions open. Other counties gave much less priority to direct job development.[29]

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[27] Riverside's distinction on this dimension can be seen more clearly when the responses to two of the items in the scale are examined. Staff in all counties were asked, "Based on the practices in your agency today, what would you say is the most important goal of your agency: to help clients get jobs as quickly as possible or to raise the education or skill levels of clients so that they can get jobs in the future?" In Riverside, 95 percent of the case managers rated quick job entry as a much stronger program focus than education and training. In the other counties, fewer than 20 percent gave a similar response. Another item asked hypothetically about a welfare recipient who was offered a low-paying job that would make her slightly better off financially. Would the respondent advise her to "take the job and leave welfare" or "stay on welfare and wait for a better opportunity"? In Riverside, 69 percent of respondents said that they would "very strongly" urge her to take the job; only 23 percent in Alameda, and no more than 40 percent in the other counties, gave this answer.

[28] In general, staff reported that the standards were not terribly difficult to meet, given the number of registrants with whom they worked, but felt pressure to achieve, and even exceed, them. Tendencies toward creaming were kept in check by management's expectation that staff would work with, and be able to account for, their entire GAIN caseload. For example, a staff member would not be evaluated positively if he or she had achieved high placement rates but at the same time had failed to assign to a GAIN activity other registrants who were expected to participate, or had excused registrants inappropriately from the participation requirement through excessive deferrals. Indeed, implementing GAIN's participation obligation for welfare recipients – an objective to which Riverside's administrators were also committed – required staff to work with all registrants on their caseloads, not just the most motivated or easiest to place.

[29] Riverside's job development efforts raise the question of whether these efforts had the unintended consequence of indirectly reducing opportunities for the control group. In other words, did the controls have more difficulty obtaining jobs precisely because employers gave first preference to GAIN participants or because the program got its participants to apply for jobs so soon after openings were first advertised? If controls had less access to jobs as a direct consequence of Riverside's efforts on behalf of the experimental group, it would mean that the estimates of the program's impact on experimentals' employment and earnings are misleading. There is no evidence at hand indicating that the control group's employment options were limited by Riverside's job development efforts for experimentals. Furthermore, such an effect seems implausible given the small size of Riverside's entire research sample (8,033, of whom 1,799 were controls) relative to the magnitude of Riverside's overall economy, which, in mid-1990, had almost 20,000 employers

(continued...)

Riverside's quick employment emphasis is also reflected in a finding from the registrant survey. Respondents were asked, "How much did the GAIN staff push you to get a job quickly, even before you felt ready?" In Riverside, 43 percent of those who responded answered "high" (i.e., 7 to 10) on a 10-point scale, which was higher than in all of the other counties, as shown in Table 2.11 (although special caution is urged in comparing counties on this and the next two items in the table because many of those interviewed did not answer these questions).

The differences across counties on this measure are particularly noteworthy for the subsample of registrants determined *not* to need basic education (not shown in Table 2.11). For that group, Alameda and Tulare both stand out as having had the lowest proportion of respondents (about 15 percent of those who answered the question) answering "high" on the measure (i.e., that they felt "pushed" to get a job quickly), while in Riverside, 46 percent of this group answered "high."

In Alameda especially, this finding is consistent with the strong staff commitment to education and training as a path to getting jobs that offer a better chance to get off or stay off welfare. Alameda's approach to operating GAIN's job search component provides one illustration of that commitment. Alameda went further than any of the other counties in using job club as an "informational experience." Participants on a designated job club track (which accounted for the majority of those assigned to upfront job search) were not necessarily expected to look for a job that they could enter immediately. They were to find out from employers what kinds of qualifications were required and what wages and benefits they could expect from different types of work. This information was intended primarily to help registrants pick an education and training program when they got to the GAIN assessment. A number of GAIN staff described this component as essentially "career exploration."

## B. The Issue of Personalized Attention

In addition to deciding how much to emphasize quick job entry versus more education and skills training, administrators of welfare-to-work programs must consider how much personalized attention registrants will receive. On this dimension, too, the six counties varied. Moreover, these variations appear to be correlated with other program characteristics, such as a county's registrant-to-case-manager ratio (personalized attention was typically higher where case managers had fewer registrants assigned to them)[30] and the organizational climate within the GAIN office (staff tended to have more "positive" views of the program, their jobs, and welfare recipients where personalized attention was higher).[31] Figure 2.3 shows how the counties compare on these dimensions.

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[29](...continued)
within its boundaries and almost 431,000 employed residents. This is not to say, however, that, in any of the six research counties, an increase in employment among experimentals causes no reduction in employment opportunities for some other residents in a county. The extent of such "displacement," if it occurs, is extremely difficult to measure. Nonetheless, it is an issue relevant to interpreting a program's benefit-cost ratio, as noted in Chapter 8.

[30] This relationship is clearer when comparing the counties using data on registrant-to-case-manager ratios from the second wave of the staff survey, as shown in Table 2.10. It is also useful to note that, in Butte, the decision to limit caseload sizes in the face of a waiting list for the program clearly reflected a view that it is better to serve fewer welfare recipients with more personalized attention than to provide less attention in order to serve a larger number of recipients.

[31] It may be that more personalized attention is the kind of service that GAIN staff themselves prefer to provide, and that when they are providing this type of service, they view their work, their clients, and the program overall in more optimistic terms.

## TABLE 2.11

## PERCEPTIONS OF GAIN AMONG AFDC–FG EXPERIMENTALS TWO TO THREE YEARS AFTER ORIENTATION

| Measure | Alameda | Los Angeles | Riverside | San Diego | Tulare | All Counties |
|---|---|---|---|---|---|---|
| **Responses to questions about GAIN's employment focus** | | | | | | |
| "How much did the GAIN staff push you to get a job quickly, even before you felt ready?" | | | | | | |
| Percent who responded to the question | 75.8 | 73.8 | 85.7 | 79.1 | 85.2 | 79.9 |
| Percent who answered "high" (7–10 on a 0–10 scale), if responded | 27.2 | 16.8 | 42.6 | 33.5 | 18.8 | 27.8 |
| **Responses to questions about relationships with GAIN's staff** | | | | | | |
| "How much did your most recent GAIN case manager know about you and your family?" | | | | | | |
| Percent who responded to the question | 89.2 | 78.6 | 92.0 | 91.3 | 91.4 | 88.5 |
| Percent who answered "high" (7–10 on a 0–10 scale), if responded | 53.8 | 53.5 | 43.0 | 47.1 | 56.1 | 50.7 |
| "How much did you like your relationship with your most recent GAIN case manager or counselor?" | | | | | | |
| Percent who responded to the question | 84.8 | 79.3 | 89.1 | 89.1 | 88.1 | 86.1 |
| Percent who answered "high" (7–10 on a 0–10 scale), if responded | 72.0 | 64.3 | 63.9 | 69.3 | 73.0 | 68.5 |
| **Responses to questions about GAIN's participation mandate (a)** | | | | | | |
| "Were you made aware that your cash aid from AFDC could be reduced or stopped if you didn't participate in GAIN, unless you had a good excuse?" (%) | | | | | | |
| Yes | 93.8 | 91.5 | 93.7 | 88.6 | 93.7 | 92.3 |
| No | 6.2 | 8.5 | 6.3 | 11.4 | 6.3 | 7.7 |
| "If GAIN sent you to an education or employment program and you did not go, how likely do you think it is that your cash aid from AFDC would actually be reduced?" (%) | | | | | | |
| Very likely or likely | 92.6 | 90.0 | 94.1 | 89.7 | 91.8 | 91.6 |
| Unlikely or very unlikely | 4.0 | 8.6 | 4.5 | 6.9 | 5.6 | 5.9 |
| Not sure | 3.5 | 1.4 | 1.4 | 3.4 | 2.6 | 2.5 |
| **Responses to questions about GAIN's value (b)** | | | | | | |
| "Back when you first started GAIN, how much did you think GAIN would improve your chances of getting or keeping a job in the long run?" | | | | | | |
| Average score on a 0–10 scale | 5.9 | 6.6 | 5.9 | 5.9 | 6.4 | 6.1 |
| Percent who answered "high" (7–10) on the scale | 48.1 | 60.2 | 51.5 | 48.8 | 56.8 | 53.1 |
| "What's your opinion now? How much do you think GAIN has actually improved your long-run chances of getting or keeping a job?" | | | | | | |
| Average score on a 0–10 scale | 5.1 | 4.7 | 4.3 | 5.2 | 5.7 | 5.0 |
| Percent who answered "high" (7–10) on the scale | 43.9 | 38.5 | 36.5 | 44.6 | 50.2 | 42.7 |

(continued)

## TABLE 2.11 (continued)

| Measure | Alameda | Los Angeles | Riverside | San Diego | Tulare | All Counties |
|---|---|---|---|---|---|---|
| "If a friend on welfare could volunteer to be in the GAIN program, how much would you encourage him or her to get into it?" | | | | | | |
| Average score on a 0–10 scale | 7.4 | 6.8 | 6.9 | 7.7 | 7.8 | 7.3 |
| Percent who answered "high" (7–10) on the scale | 67.5 | 61.4 | 63.2 | 72.6 | 76.4 | 68.2 |
| Sample size | 223 | 145 | 460 | 230 | 244 | 1302 |

SOURCE: MDRC calculations using data from the GAIN registrant survey.

NOTES: The follow–up period for the survey ranged from 26 to 37 months, on average, across the five counties where the survey was conducted. Butte County was not included in the survey.

In the all–county averages, the results for each county are weighted equally.

Rounding may cause slight discrepancies in calculating averages.

(a) From 95.5 percent to 98.8 percent of survey respondents (experimentals and controls combined) responded to the specific items in this panel across the five counties. Nonresponders are not included in determining the percentage who responded with a particular answer.

(b) From 78.6 percent to 93.9 percent of survey respondents (experimentals and controls combined) responded to the specific items in this panel across the five counties. Nonresponders are not included in determining the percentage who answered "high."

Tests of statistical significance of the differences across counties were not performed.

The nature of the case managers' role in GAIN permits staff variation across counties in the execution of their responsibilities. For example, case managers may differ in *how much* they attempt to learn about registrants' personal histories and circumstances; *how much* they discuss the implications of choosing basic education over job search, or different kinds of job search, or different kinds of child care; *how much* they try to accommodate registrants' individual needs, situations, and preferences in making service assignments; and *how much* they stress persuasion, cajoling, counseling, and problem-solving when faced with registrants who are reluctant to participate or fail to do so consistently. Counties that more strongly emphasize personalized attention tend to view this as a way to increase registrants' interest in GAIN and their desire to participate in its activities, to lessen greatly the need to rely on financial sanctions to enforce the participation mandate,[32] and, ultimately, to produce larger impacts on employment, earnings, and welfare savings.

According to a scale used to measure each county's relative emphasis on personalized attention, Butte and Tulare staff reported the strongest emphasis. Alameda and San Diego ranked lower, but were fairly close to Butte and Tulare. Los Angeles and Riverside had the lowest relative scores (see Figure 2.3B). It must be stressed that, as with all of the rankings based on the staff survey, a "lower" score indicates a lower ranking only relative to the other counties in this study and should not be interpreted as a "low" ranking in an absolute sense. Indeed, in most of the counties, most staff gave responses suggesting a moderate to high degree of personalized attention. It is certainly possible that, on the whole, the level of attention provided in most counties far exceeded what occurs in some other welfare-to-work programs. Nonetheless, the six counties did differ substantially among themselves in the degree to which these concerns were the focus of case managers' interactions with registrants.[33]

Registrants were asked on the registrant survey how much their case managers "knew about you and your family," a question that seems related to the concept of personalized attention. The proportion giving a "high" response to this question ranged from 43 percent of those who answered it in Riverside to 56 percent in Tulare. (See Table 2.11.) Most surprising, given Los Angeles' lower ranking on the staff survey measure of personalized attention, is that over half of that county's respondents also answered "high." However, registrants' views differed by basic education subgroup (not shown in Table 2.11). For the subgroup determined *not* to need basic education, the proportion giving a "high" response (among those who answered the question) ranged from only 29 percent and 36 percent in Los Angeles and Riverside to about half or more (up to 58 percent) in the other counties. In fact, the "high" responders in Los Angeles and Riverside were to be found mostly in the group determined *to need* basic education, perhaps because they tended to remain enrolled in GAIN for a longer period of time, allowing staff more opportunity to get to know them and their families well.[34]

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[32] There is no *necessary* relationship between the level of personalized attention and the ultimate sanctioning rate in a county. A county could resort to sanctions *or* continue to avoid them after early attempts at persuasion fail to achieve cooperation.

[33] Staff responses to a question about the appraisal process illustrate the differences among counties: "In this type of interview, how much effort does the staff make to learn about the client's goals and motivations to work *in-depth*?" More than 75 percent of the staff in Butte and Tulare answered "a great deal" compared to 36 to 52 percent of staff in the other counties. A second item asked about the assessment process: "In your opinion, how well is GAIN tailoring the education, training, and work experience services that clients receive to their particular needs, circumstances, and goals?" Approximately 60 percent of the staff in Tulare answered "very well" compared to about 22 percent of the staff in Los Angeles and Riverside. (These county differences are consistent with information obtained through on-site observation and interviews.)

[34] Among those determined to need basic education, roughly half of respondents in all counties (from 44 to 58 percent of those responding to the question) answered "high."

It is also noteworthy that when respondents were asked how much they liked their GAIN case manager, a majority of those responding to the question answered "high" (7 to 10 on a 10-point scale) in all five survey counties. The range was from almost two-thirds in Los Angeles and Riverside to almost three-quarters in Alameda and Tulare (see Table 2.11).

### C. Responding to Noncompliance Through Formal Enforcement

Administrators of mandatory welfare-to-work programs generally have some discretion in operationalizing the formal enforcement process – and, in particular, financial sanctions – as a method of securing registrants' compliance with the program's participation obligation. In the GAIN program, there is an official multi-step process for imposing penalties on registrants who fail to attend their assigned activity regularly. It begins with the registrant's being sent a Notice of Participation Problems (a "GAIN-22" form) outlining the sanctions that may be applied if the problems continue. If compliance is not forthcoming, a "conciliation" process is initiated, providing another opportunity to resolve the problem and avoid a sanction. The financial sanctions are the final step and involve a reduction in the size of the welfare grant.[35]

Some administrators believe that high compliance can be achieved without a heavy reliance on sanctions, and that great efforts should be made to avoid imposing them except as a last resort. Others believe that sanctions are an essential tool for obtaining compliance and that, as long as the enforcement process is administered fairly, case managers should not take extraordinary steps to avoid using them.

Table 2.12 shows how counties compare in terms of the proportion of AFDC-FG and AFDC-U experimentals for whom staff invoked GAIN's formal enforcement procedures during the 11-month follow-up period for the tracking data. The first row in the top panel of the table indicates the proportion of AFDC-FG registrants placed in conciliation, sanctioned, or slated for sanctioning (i.e., deregistered from GAIN with a request to the Income Maintenance department to sanction).

Overall, Los Angeles and Riverside stand out as having had the highest rates of invoking GAIN's formal enforcement mechanism among the AFDC-FGs, using these procedures for about 34 percent of those registrants.[36] However, the actual sanctioning rate was lower: 5.4 and 6.0 percent of AFDC-FG experimentals, respectively. Alameda, Butte, and Tulare were at the lower end, resorting to formal enforcement procedures for about 2 to 12 percent of AFDC-FGs. San Diego ranked between these two groups of counties. Across the counties, actual sanctioning rates appear to have increased over time, according to self-reported data from the two- to three-year registrant survey.

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[35] See Chapter 1. The Notice of Participation Problems instructs the registrant to call or visit the case manager for a "cause determination" meeting and warns that a failure to respond may affect the registrant's welfare benefits. If no "good cause" is found to account for the participation problem, the next step is conciliation, an attempt by the case manager (and sometimes involving the supervisor) to get the registrant to agree to begin participating as required. The final step is financial sanctioning, whereby the registrants' welfare grants are reduced by eliminating their share of the grant until they cooperate. Prior to implementation of the JOBS regulations (when about 55 percent of the sample in this study was randomly assigned), a sanction for AFDC-FG registrants meant a reduction in their welfare grant for three or six months; for AFDC-U registrants, it meant the termination of their welfare grant for three or six months. The duration of the sanction in both cases depended on whether the registrant was in noncompliance for the first or second time.

[36] Some registrants who were slated for sanctioning left AFDC before the sanction took effect. See Riverside County Department of Public Social Services, 1992.

## TABLE 2.12

## DEREGISTRATION RATES AND THE USE OF GAIN's FORMAL ENFORCEMENT PROCEDURES WITHIN 11 MONTHS AFTER ORIENTATION FOR AFDC-FG AND AFDC-U REGISTRANTS

| Sample and Status | Alameda | Butte | Los Angeles | Riverside | San Diego | Tulare | All counties |
|---|---|---|---|---|---|---|---|
| **AFDC-FGs** | | | | | | | |
| Ever in conciliation, sanctioned, or slated for sanctioning (%) | 2.2 | 10.0 | 34.2 | 33.9 | 21.5 | 11.6 | 18.9 (a) |
| Ever deregistered (%) | 27.9 | 51.0 | 46.3 (b) | 79.4 | 56.7 | 40.4 | 50.3 *** |
| With request for sanction | n/a | 4.0 | n/a | 10.9 | 4.0 | 1.8 | -- |
| With actual sanction | 0.0 | n/a | 5.4 (b) | 6.0 (c) | n/a | n/a | -- |
| **AFDC-Us** | | | | | | | |
| Ever in conciliation, sanctioned, or slated for sanctioning (%) | 0.0 | 10.1 | 15.2 | 42.2 | 13.4 | 13.7 | 15.8 (a) |
| Ever deregistered (%) | 29.2 | 63.6 | 34.1 (b) | 79.6 | 54.4 | 49.2 | 51.7 *** |
| With request for sanction | n/a | 4.0 | n/a | 15.0 | 0.7 | 1.6 | -- |
| With actual sanction | 1.0 | n/a | 2.1 (b) | 6.8 (c) | n/a | n/a | -- |
| Sample size | | | | | | | |
| AFDC-FGs | 602 | 200 | 3013 | 248 | 247 | 225 | 4535 |
| AFDC-Us | 96 | 99 | 736 | 147 | 149 | 124 | 1351 |

SOURCE: Calculations using data from the MDRC participant flow study.

NOTES: A chi-square test was applied to differences among counties. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; * = 10 percent.

Rounding may cause slight discrepancies in calculating averages.

In the all-county estimates, the results of each county are weighted equally.

Where data were not available, "n/a" is used.

Where data were not applicable, dashes are used.

(a) Tests of statistical significance of the differences across counties were not performed.

(b) The deregistration rates for Los Angeles were adjusted upward by dividing by .7; a comparison of deregistration records in registrant casefiles and the GEARS system for a randomly selected subsample of 87 registrants revealed that only 7 of 10 deregistrations in the casefiles were also recorded in GEARS.

(c) This estimate is based on a special analysis conducted by Riverside County in consultation with MDRC.

Although these data may be less accurate than information collected directly from the counties' casefiles, almost 14 percent of respondents said they had their AFDC grants reduced because of participation problems.

Most experimentals (89 to 94 percent) reported on the registrant survey that they were made aware that their AFDC grant could be reduced if they did not comply with GAIN's participation mandate. (See Table 2.11.) Most (90 to 94 percent) also believed that it was "very likely" or "likely" that their grants would actually be reduced if they were sent to a program activity and did not go. These findings suggest that all the counties successfully communicated to registrants that the participation requirement was real and would be enforced, although the counties varied in the extent of their reliance on the formal penalty process and some may have been "tougher" or more "lenient" than others.

### D. Experimentals' Overall Assessment of GAIN

The fourth panel of Table 2.11 includes one question from the registrant survey that asked respondents how much they had expected GAIN to "improve [their] chances of getting or keeping a job in the long run," and a second question asking how much they believed GAIN "has actually improved [their] long-run chances of getting or keeping a job." Interestingly, initial expectations were high, with 48 percent (Alameda) to 60 percent (Los Angeles) of survey respondents answering "high" (i.e., 7 to 10 on the 10-point scale). Most striking is the considerably smaller proportion in Los Angeles and Riverside (39 and 37 percent, respectively) giving a "high" response to the second question concerning GAIN's actual effect. The reason for the decline in expectations in these two counties is unclear, and especially surprising in Riverside, which has had the highest actual impacts on employment and earnings of all the counties. Perhaps it was related to a lower than anticipated use of *GAIN-related* vocational training and post-secondary education, activities that were expected to build skills (the average length of stay in these activities per experimental was somewhat lower in Riverside than in the other survey counties except Los Angeles) or to the types of jobs those who were becoming employed were getting (see Chapter 5), or to a combination of these factors.

Nonetheless, in all of the survey counties, a majority of survey respondents did apparently find some value in the GAIN program. As Table 2.11 shows, across the counties, 61 to 76 percent of survey respondents answered "high" when asked, "If a friend on welfare could volunteer to be in the GAIN program, how much would you encourage him or her to get into it?"

## V. Experimentals' and Controls' Attitudes Toward Participation Mandates, Work Requirements, and the County Welfare Department

The registrant survey was also used to gauge respondents' opinions about the principle of requiring participation in education and training activities as a condition for receiving one's full welfare grant, as the GAIN program requires. The responses to the first two items listed in Table 2.13 show that from about half to three-quarters of survey respondents (depending on the county) expressed support for a participation mandate, believing it to be "fair" and "a good idea." These views were shared about equally by controls and experimentals. Also noteworthy is the finding that only a minority (about one-quarter) of respondents in each group agreed with the statement, "Making welfare mothers work if they don't want to is bad for their children."

## TABLE 2.13

## GAIN's TWO– TO THREE–YEAR IMPACTS ON AFDC–FG REGISTRANTS' ATTITUDES TOWARD PARTICIPATION REQUIREMENTS, WORK REQUIREMENTS, AND THE COUNTY WELFARE DEPARTMENT

| Outcome and Research Group | Alameda | Los Angeles (a) | Riverside | San Diego | Tulare | All Counties |
|---|---|---|---|---|---|---|
| **Attitudes toward participation requirements** | | | | | | |
| Percent who said that it was "fair" or "very fair" for welfare agencies to require recipients to go to an education or employment program, and to reduce their AFDC grants if they did not comply with that rule | | | | | | |
| Experimentals | 50.4 | 64.1 | 61.8 | 66.2 | 74.4 | 63.2 |
| Controls | 48.8 | -- | 68.6 | 64.6 | 69.8 | 63.0 |
| Difference | 1.6 | -- | -6.8 * | 1.7 | 4.6 | 0.3 (b) |
| Percent who thought that a participation mandate was a "good idea" or a "very good idea" | | | | | | |
| Experimentals | 55.4 | 64.8 | 64.5 | 71.4 | 77.6 | 67.2 |
| Controls | 55.2 | -- | 73.0 | 71.0 | 72.7 | 68.0 |
| Difference | 0.2 | -- | -8.5 ** | 0.4 | 4.8 | -0.7 (b) |
| Sample size | | | | | | |
| Experimentals | 223 | 145 | 460 | 230 | 244 | 1157 |
| Controls | 231 | -- | 228 | 231 | 250 | 940 |
| **Attitudes concerning the work requirements and the county welfare department** | | | | | | |
| Strongly agreed (answered 7-10 on a 0-10 scale) that: "Making welfare mothers work if they don't want to is bad for their children" | | | | | | |
| Experimentals (%) | 25.4 | 24.3 | 25.1 | 27.0 | 20.7 | 24.6 |
| Controls (%) | 22.4 | -- | 26.5 | 25.6 | 26.2 | 25.2 |
| Difference | 3.0 | -- | -1.4 | 1.4 | -5.5 | -0.6 (b) |
| Average score (on a 0-10 scale) for "Making welfare mothers work if they don't want to is bad for their children" | | | | | | |
| Experimentals | 3.9 | 3.7 | 3.7 | 3.8 | 3.4 | 3.7 |
| Controls | 3.7 | -- | 3.9 | 4.0 | 3.9 | 3.9 |
| Difference | 0.2 | -- | -0.2 | -0.2 | -0.5 * | -0.2 (b) |
| Strongly agreed (answered 7-10 on a 0-10 scale) that: "In my county it's easy to just stay on AFDC and not try to get off" | | | | | | |
| Experimentals (%) | 29.4 | 22.6 | 29.7 | 31.7 | 37.3 | 32.0 |
| Controls (%) | 25.5 | -- | 33.8 | 38.1 | 45.6 | 35.8 |
| Difference | 3.9 | -- | -4.1 | -6.4 | -8.3 ** | -3.7 (b) |
| Average score (on a 0-10 scale) for "In my county it's easy to just stay on AFDC and not try to get off" | | | | | | |
| Experimentals | 4.1 | 3.4 | 4.1 | 4.2 | 5.0 | 4.3 |
| Controls | 3.9 | -- | 4.4 | 4.9 | 5.4 | 4.6 |
| Difference | 0.3 | -- | -0.3 | -0.7 ** | -0.4 | -0.3 (b) |

(continued)

## TABLE 2.13 (continued)

| Outcome and Research Group | Alameda | Los Angeles (a) | Riverside | San Diego | Tulare | All Counties |
|---|---|---|---|---|---|---|
| Strongly agreed (answered 7–10 on a 0–10 scale) that: "It's easy to make extra money while on AFDC without the welfare department knowing about it" | | | | | | |
| Experimentals (%) | 14.8 | 12.6 | 17.8 | 20.6 | 22.4 | 18.9 |
| Controls (%) | 16.0 | -- | 18.7 | 19.6 | 20.0 | 18.6 |
| Difference | −1.2 | -- | −0.9 | 0.9 | 2.4 | 0.3 (b) |
| Average score (on a 0–10 scale) for "It's easy to make extra money while on AFDC without the welfare department knowing about it" | | | | | | |
| Experimentals | 2.3 | 2.2 | 2.6 | 2.8 | 3.0 | 2.7 |
| Controls | 2.4 | -- | 2.8 | 2.9 | 2.8 | 2.7 |
| Difference | −0.1 | -- | −0.1 | −0.1 | 0.2 | −0.0 (b) |
| Percent who viewed "positively" or "very positively" the welfare system and the things it did to help poor people in their county | | | | | | |
| Experimentals (%) | 45.1 | 62.6 | 53.8 | 65.1 | 56.1 | 55.0 |
| Controls (%) | 47.0 | -- | 55.8 | 65.3 | 57.1 | 56.3 |
| Difference | −1.9 | -- | −2.0 | −0.2 | −1.0 | −1.3 (b) |
| Sample size | | | | | | |
| Experimentals | 335 | 223 | 674 | 337 | 356 | 1925 |
| Controls | 348 | -- | 342 | 336 | 363 | 1389 |

SOURCE: MDRC calculations using data from the GAIN registrant survey.

NOTES: A two–tailed t–test was applied to the differences between the experimental and control groups in each county. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; * = 10 percent.

Estimates of the experimental–control differences are regression–adjusted using ordinary least squares, controlling for pre–random assignment background characteristics of sample members. Regression–adjustment sometimes results in negative experimental or control adjusted means when the full sample unadjusted mean is close to zero.

Rounding may cause slight discrepancies in calculating sums, averages, and differences.

In the all–county averages, the results for each county (excluding Los Angeles) are equally weighted.

The follow–up period for the survey ranged from 26 to 37 months, on average, across the five counties where the registrant survey was conducted. Butte County was not included in the survey.

From 87.3 percent to 100.0 percent of survey respondents (experimentals and controls combined) responded to the specific items in this table across the four counties. Nonresponders were not included in calculating the results presented.

(a) An analysis of response patterns to the survey in Los Angeles revealed that the earnings and AFDC payments during the follow–up period of controls who responded to the survey differed markedly from those of controls who did not respond to the survey. For this reason, no estimates for controls and no impacts are presented in this table for Los Angeles.

(b) Tests of statistical significance of the experimental–control difference for all counties combined were not performed.

## CHAPTER 3

## THE COST OF GAIN AND NON-GAIN ACTIVITIES

The cost analysis is designed to answer questions concerning the government's financial investment in employment-related services (e.g., job search, education, training, and support services) for welfare recipients who entered the GAIN program in the six study counties. For example, what costs did the county welfare departments incur for GAIN? What costs were incurred by non-welfare agencies that, as part of the GAIN program, provided employment-related services to GAIN registrants? What types of activities were most and least expensive, and why? What was the cost of child care and other support services? Answers to these and related questions are important for understanding the average amount of government resources that were spent on each person in GAIN for the employment-related services they received within the chosen time frame of five years after orientation (and which were described in Chapter 2). These cost estimates may also be of value to welfare administrators and planners who may need to assess the fiscal implications of future proposals to modify the structure and operation of the GAIN program, or who may need to estimate the potential cost of other state and national welfare reform proposals.

The most important goal of the cost analysis, though, is to estimate the average *net* cost of services per experimental. (The analysis focuses on costs *per experimental* rather than per participant because GAIN incurs costs for working with all who enter it, whether or not they actually attend a program activity.) Net costs represent the difference between the average cost per experimental and the average cost per control of all employment-related services that were used during a specified period of time following a person's entry into the study. As discussed in Chapter 2, a sizable number of controls participated on their own initiative in community-provided employment-related activities, usually vocational training or post-secondary education.

Net cost numbers are key to determining whether GAIN has been a cost-effective investment from the perspective of government budgets. In the benefit-cost analysis to be presented in Chapter 7, each county's net costs will be compared to the value of any budgetary savings it achieved (e.g., in the form of reduced payments for AFDC and other transfer programs) and increase in tax revenues associated with increased earnings among experimentals. (Chapter 7 will also consider the benefits and costs from the perspectives of the welfare sample and society as a whole. It will be important to consider the benefit-cost results from a variety of perspectives in order to assess the overall merits of GAIN.)

In estimating the net cost of GAIN, however, it is not sufficient to compare the average cost of *GAIN-related activities* per experimental to the average cost per control for non-GAIN activities. Such a comparison will not provide a complete picture of the government's net investment because, as Chapter 2 showed, some experimentals participated in non-GAIN education and training activities after leaving GAIN. Even though they were not part of the GAIN program, these activities represented an additional investment of government resources that could have affected the experimental group's future earnings and welfare receipt. Thus, to estimate the true magnitude of the government's net cost per experimental, the total cost per control must be compared to the total cost per experimental of GAIN *and* non-GAIN employment and training activities.

This chapter will show that, for all six counties combined, the estimated average cost of all GAIN and non-GAIN services per AFDC-FG experimental within the five years after orientation (in 1993 dollars) was $4,895, but that the net cost, at $3,422, was about 70 percent of that amount. The chapter will also show substantial variation across counties.

The chapter begins by presenting an overview of the major components of the cost analysis and the general procedures used to compute each of the cost estimates. It then discusses the cost findings in detail for AFDC-FG registrants, focusing on GAIN expenditures by each county's welfare department (using federal, state, and local funds) and by non-welfare agencies (e.g., schools and other service providers); the cost of non-GAIN services used by experimentals after leaving the GAIN program; the cost of employment-related activities used by controls; and the net cost of employment-related activities per experimental. Finally, in a more summary fashion, the chapter compares the cost results for AFDC-FGs who were determined not to need and to need basic education, and for the full sample of AFDC-U registrants.

## I. Major Components of the Cost Analysis

The top panel of Figure 3.1 depicts the major elements of the cost analysis. It illustrates that **GAIN-related expenditures by the county welfare department** (box 1) *plus* **GAIN-related expenditures by non-welfare agencies** (box 2) together make up the **total cost of GAIN per experimental** (box 3). These two main categories of GAIN costs cover the following types of expenditures:

***By the county welfare department:***

> GAIN operating costs. This category covers expenditures for the core set of responsibilities that fall to welfare department GAIN staff (or subcontractors to the welfare agency) for the day-to-day operation of the program. They include expenses for: conducting orientations, appraisals, and assessments; operating job clubs and providing job search assistance;[1] covering "excess costs" incurred by adult schools and community colleges for extra attendance monitoring and reporting that they provide for GAIN students; paying performance incentives (in some counties) to education providers; and providing ongoing case management for registrants, including monitoring those who are deferred and administering the formal penalty process for those who do not comply with GAIN's participation mandate.[2] Box 1a in the bottom panel of Figure 3.1 shows the main categories of activities over which all county welfare department operating costs for GAIN are allocated.

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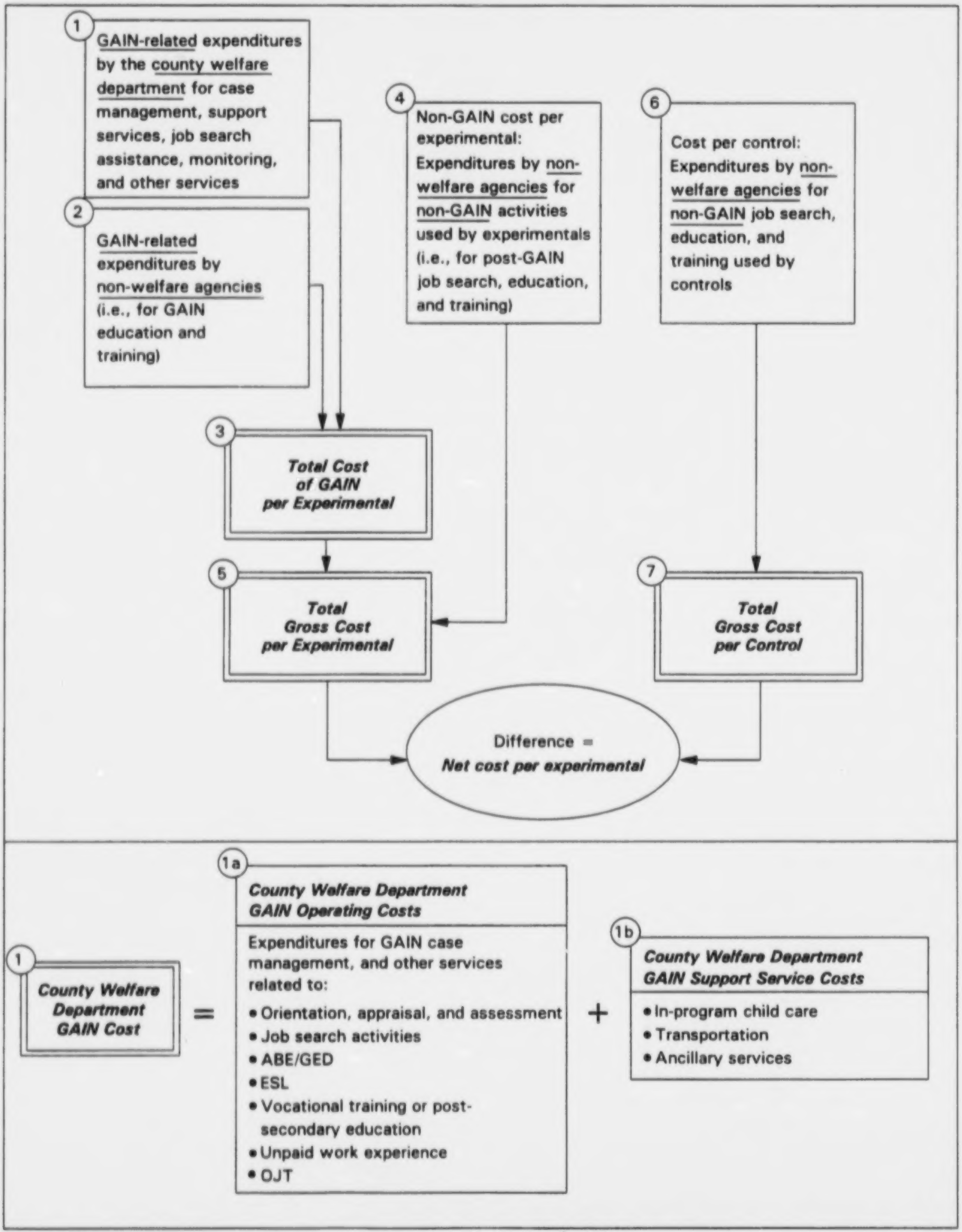
[1] As noted in Chapter 2 (see Table 2.10), the welfare departments in two counties (Butte and Tulare) used GAIN staff to operate the job clubs and to provide job search assistance directly, while the other counties (Alameda, Los Angeles, Riverside, and San Diego) subcontracted these functions wholly or in part to the Employment Development Department (EDD), but still paid for them with welfare department GAIN funds.

[2] It is important to note that this analysis does not include the costs incurred for Income Maintenance staff to register welfare recipients for GAIN, refer them to orientation, or impose grant reductions for those referred for sanctioning.

## FIGURE 3.1

## SIMPLIFIED DEPICTION OF THE MAJOR ELEMENTS OF GROSS AND NET COSTS



① GAIN-related expenditures by the county welfare department for case management, support services, job search assistance, monitoring, and other services

② GAIN-related expenditures by non-welfare agencies (i.e., for GAIN education and training)

③ *Total Cost of GAIN per Experimental*

④ Non-GAIN cost per experimental: Expenditures by non-welfare agencies for non-GAIN activities used by experimentals (i.e., for post-GAIN job search, education, and training)

⑤ *Total Gross Cost per Experimental*

⑥ Cost per control: Expenditures by non-welfare agencies for non-GAIN job search, education, and training used by controls

⑦ *Total Gross Cost per Control*

Difference = *Net cost per experimental*

① *County Welfare Department GAIN Cost* =

1a *County Welfare Department GAIN Operating Costs*

Expenditures for GAIN case management, and other services related to:

- Orientation, appraisal, and assessment
- Job search activities
- ABE/GED
- ESL
- Vocational training or post-secondary education
- Unpaid work experience
- OJT

+

1b *County Welfare Department GAIN Support Service Costs*

- In-program child care
- Transportation
- Ancillary services

GAIN support service costs. These include the cost of child care payments, transportation reimbursements, and ancillary services (e.g., for books, tools, or uniforms) intended to make it feasible for many registrants to participate in GAIN activities. (See box 1b of Figure 3.1.)

***By non-welfare agencies:***

Operating costs. These are the operating costs incurred by the local adult schools, community colleges, and other non-welfare agencies that provided the actual classroom instruction. The money for these expenditures includes funds from the California Department of Education (e.g., for adult schools and Regional Occupational Centers and Programs, or ROC/Ps), the California Community Colleges, JTPA, and other public sources, all of which the providers received directly rather than through the welfare department.

Chapter 2 pointed out that GAIN was not the only source of employment-related activities used by experimentals. Some experimentals participated in non-GAIN activities on their own after leaving welfare and the GAIN program.[3] When this occurred, the participation was most likely to have been in vocational training or post-secondary education. Because these experiences may have contributed to increases in earnings and other benefits and reductions in welfare payments and other transfer payments, it is important to consider the cost of such activities. As Figure 3.1 shows, adding this category – **expenditures by non-welfare agencies for non-GAIN (i.e., post-GAIN) employment-related activities** (box 4) – to the total cost of GAIN per experimental (box 3) yielded the **total gross cost per experimental** (box 5).

Figure 3.1 also shows that **non-welfare agency expenditures for non-GAIN employment-related services** (box 6) make up the entire **total gross cost per control** (box 7), which represents the average level of expenditures that would have occurred for GAIN experimentals in the absence of the program. These costs simply reflect the control group's use of community-provided (non-GAIN) services that they entered without any assistance from GAIN or county welfare department staff. (No data were available in this study on the cost of non-GAIN support services that controls may have received, or that experimentals may have received after leaving GAIN.) Subtracting the average total gross cost per control (box 7) from the average total gross cost per experimental (box 5) yields the net cost per experimental, the figure to be compared to the net financial benefit produced by GAIN. The term *gross cost* is used to distinguish all GAIN and non-GAIN (i.e., post-GAIN) expenditures per experimental and all non-GAIN expenditures per control from the experimental-control difference, or *net cost*.

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[3] Some of the agencies providing these services, and agencies used by controls, may have been proprietary schools that charge students tuition. However, in many cases, low-income students who attend these types of institutions receive Pell Grants or other government student aid. For the purposes of this analysis, all non-welfare agency non-GAIN expenditures are assumed to reflect costs incurred by the government, though students may have invested their own or their family's money to attend these activities. To the extent that this occurred, the estimated average total gross cost per experimental and average total gross cost per control presented in this chapter would overstate the true costs incurred by the government. Some information from the registrant survey suggests that fewer than 10 percent of all experimentals and controls may have spent their own or their family's resources on education and training; among those who did, a majority appear to have spent less than $300.

Costs are estimated over a five-year period for all counties, as are the benefits (including GAIN's impacts) presented in Chapter 7's benefit-cost analysis. This is the same time frame used in earlier MDRC benefit-cost studies of welfare-to-work programs. Although, as Chapter 2 indicated, most of the participation in employment-related activities occurred within the first two to three years after GAIN orientation, there was some participation four and even five years later. This is to be expected in a program such as GAIN, in which individuals are required to continue participating as long as they are receiving welfare and meet the program's criteria mandating participation. Although the six counties in this study faced funding constraints that limited their ability to implement such a requirement fully for all mandatory GAIN registrants (and two of them – Los Angeles and Alameda – had to limit the program to long-term welfare recipients, as discussed in Chapter 1), they gave a priority to members of the experimental group who remained on welfare or who returned to the rolls after having exited earlier in the follow-up period. Thus, it was important for the cost analysis to attempt to capture all participation in GAIN activities (as well as in non-GAIN activities) over a period of several years.[4] As it turned out, most costs for experimentals and for controls were incurred within the first two to three years after random assignment, when most of the participation in employment-related activities took place, but some additional costs were incurred after that point.

Finally, to be consistent with the calculation of program benefits, all estimates are expressed in 1993 dollars.

## II. The Cost of GAIN to the County Welfare Department (Figure 3.1, Box 1)

This section examines the GAIN expenditures of the county welfare departments, both their operating expenditures and support service payments.

### A. Operating Costs (Figure 3.1, Boxes 1 and 1a)

The costs incurred by each county welfare department for the day-to-day operation of GAIN have been allocated across seven major activities or components of the program, which are listed in box 1a of Figure 3.1. These are:

- **Orientation, appraisal, and assessment**. Expenditures included personnel costs, overhead expenditures, and direct costs incurred for determining registrants' suitability for participation in various GAIN activities. These functions included conducting orientation sessions, appraising new registrants, deferring some registrants from the participation requirement, referring others to their initial GAIN activity, referring (later in the program sequence) some registrants to outside vendors for in-depth testing and assessment (for which the welfare department pays directly), completing the Employment Development Plans (EDPs) at the conclusion of the assessment process, and completing all paperwork associated with orientations, appraisals, and assessments.

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[4] A five-year time horizon also allows the variation in costs across the six counties to be assessed more accurately than would a shorter time frame. Although a period this long requires some projection of costs, it helps to insure that the county differences in costs are not being distorted simply by differences in the amount of follow-up data available for key items used in measuring costs. These include casefile and registrant survey data on use and duration of participation in activities, and data on support service payments. Moreover, a five-year horizon helps to avoid underestimating costs in counties where the length of stay in activities was longer. For, example, about one-quarter of Alameda's sample of registrants who were determined not to need basic education reported that they were still participating in GAIN-related vocational training or post-secondary education at the time of the survey interview (which, on average, occurred 30 months after GAIN orientation for Alameda's survey respondents). See Chapter 2 for a discussion of rate and duration of participation in employment-related activities in the six counties.

- **Job search activities.** Expenditures included the staff salary costs (along with the corresponding overhead) for conducting job club sessions and supervising individual job search activities (or paying an outside agency – EDD – to provide these services, as previously discussed). They also covered a number of case management functions for registrants assigned to job search activities, such as arranging for and authorizing payments for support services for participants, completing paperwork (e.g., scheduling and attendance logs) associated with job search assignments, contacting no-shows and dropouts, discussing program requirements with individuals who were not complying with them, and administering GAIN's formal penalty process (up to the referral of cases to the Income Maintenance department for sanctioning) for those who were noncompliant while assigned to job search activities. The job search category also included some staff time spent providing job placement and development assistance to job search participants.

- **ABE/GED and ESL classes, vocational training or post-secondary education, unpaid work experience (i.e., PREP), and OJT assignments.** The county welfare departments' expenditures for these activities covered similar types of costs to those discussed above. They largely represented the cost of staff time (and corresponding overhead) spent developing program "slots," discussing component requirements, monitoring and counseling participants, contacting no-shows and dropouts, administering the formal penalty process, providing direct job placement assistance (where emphasized), and arranging and authorizing child care and other support service payments. (Actual child care and other support service *payments* were not included in these costs, but are discussed separately below, because, unlike operating costs, they did not concern the allocation of welfare department personnel and administrative resources.) Also included were payments that some counties made directly to some education providers (such as adult schools providing ABE/GED and ESL instruction) to supply the county with detailed attendance information on GAIN students that they were not otherwise funded to collect and report, and, in some cases, to provide extra counseling and monitoring for those students.[5]

To estimate a county welfare department's average operating cost per experimental, two basic types of information were necessary for most program activities: (1) an estimate of the "unit cost" of each activity – i.e., the average cost of serving one person in a specified activity for a specific unit of time (e.g., one month), and (2) the average length of stay in the activity (in the same time units) per experimental.[6] Multiplying the unit cost by experimentals' average length of stay yielded the average cost incurred per experimental.

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[5] When adult schools and community colleges provided these services to the welfare department, they typically did so under special contracts known as "excess cost" contracts. In this analysis, these excess cost payments were included with the other fiscal data obtained on the county welfare department expenditures for GAIN.

The first step in estimating a unit cost for each component was to collect welfare department expenditure information reported on the Administrative Expenditure Claim (AEC) forms that each county submits quarterly to CDSS.[7] The information obtained covered approximately two or more years of program operations in each county. From these data, a period of three or four consecutive quarters (the exact number varied by county) was identified as best capturing a time span in which the evaluation's experimental group made up a large share, if not most, of the registrants in the GAIN program, and during which (to the extent possible) a relatively stable pattern of expenditures could be observed.[8] This period is referred to in this discussion as the "steady-state" period.[9]

For MDRC's cost analysis, all expenditures pertaining to a specified GAIN activity (e.g., ABE/GED instruction) during a county's steady-state period were identified on the appropriate AEC forms and inflation-adjusted to 1993 dollars. This total was then marked up by a small amount to include a pro-rated share of CDSS costs for state-level supervision of the GAIN program in each study county.[10]

The next step was to divide this total expenditure by an estimate of the total number of "participant-months" for the activity. The number of participant-months was obtained by summing, across all months in the steady-state period, the monthly total number of participants in the activity.[11]

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[6] A different approach was used for the category of orientation, appraisal, and assessment and for OJTs. For the former, the analysis multiplied the unit cost (i.e., the cost of the three components per appraisal session) by the average number of appraisal sessions per experimental. For the latter category, it multiplied the unit cost (i.e., the cost per OJT participant) by the percentage of experimentals who ever participated in an OJT.

[7] On the basis of state-mandated, county-administered staff time studies and other criteria, county welfare departments allocate all of their expenditures across the variety of programs administered by the agency, including GAIN, and across a variety of GAIN functions as well. They report the allocations for each quarter on the Administrative Expenditure Claim forms.

[8] Another criterion was that the period be one in which the overall number of GAIN registrants who attended orientation and the overall number who attended program activities could be estimated with a reasonable degree of confidence.

[9] The steady-state periods were: October 1989 to June 1990 for Alameda; April 1989 to March 1990 for Butte; October 1989 to September 1990 for Los Angeles; October 1988 to September 1989 for Riverside; October 1988 to June 1989 for San Diego; and April 1989 to March 1990 for Tulare. It is important to note again that the patterns of expenditures and unit costs observed during these steady-state periods may not reflect current patterns because there have been changes in counties' implementation practices.

[10] For each county, CDSS costs were estimated to be 1.9 percent of the county welfare department's GAIN operating expenditures. This estimate was based on data for the state fiscal year 1989-1990 obtained from CDSS.

[11] There were questions about the accuracy of some of the data presented on the state "GAIN-25" form pertaining to the aggregate number of GAIN registrants participating in specified GAIN activities during each calendar month of the steady-state periods used in this analysis. For this reason, an estimate of participant-

(continued...)

For example, if 10 registrants participated in ABE/GED activities during each month between January and December (whether or not they were the same people every month), the total number of participant-months for that year would be 120 (i.e., 10 x 12). Dividing the total expenditures by the total number of participant-months for the steady-state period yields the average monthly unit cost during that period – in other words, the average cost ascribed to one participant for one month. This implies, of course, that the accumulated cost ascribed to a given individual for the duration of her involvement in an activity will depend on how many months she participated in the activity.

Thus, the final step in estimating the county welfare department's average cost of GAIN per experimental was to multiply the activity's monthly unit cost by the experimental group's estimated average GAIN-related length of stay (i.e., number of months participating) in the activity. The data used to estimate the duration of participation in each activity were the same as those used for the participation analysis discussed in Chapter 2, and the estimation procedures were nearly the same.[12]

It is important to note that the unit cost estimates, though expressed in terms of cost per participant-month, actually included all the costs of staff efforts to follow up on *nonparticipants* who were assigned to a particular component. For example, if 2 out of 10 registrants assigned to an ABE/GED class failed to attend it, the time case managers spent trying to contact the nonattenders, to address obstacles to their attending, to cajole them to participate, or to invoke the formal penalty process all got charged – according to the rules of the state's time study in effect during the period covered by the cost analysis – to the component the registrant was expected to attend. In effect, then, the unit cost would reflect the fact that (using the same example) for every 8 people who attended an activity, the welfare department incurred the expenses of having staff work with another 2 who failed to do so.

Estimates of welfare department unit costs for five of the seven main categories of GAIN activities are shown in Table 3.1, columns A (for job search, education, and vocational training activities) and B (for orientation, appraisal, and assessment). (Cost information on unpaid work experience and OJT is provided in the table's notes.) To illustrate: Column A in the left panel of the table shows that the estimated unit cost per participant-month incurred by Alameda's welfare department for ABE/GED activities was $180. The unit cost for ABE\GED varied widely, from a low of $94 per participant-month in Tulare to $288 in Los Angeles. In all counties, the unit cost for job

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[11](...continued)
months was constructed for this analysis, using county data on GAIN orientations from the GAIN-25 forms and information on registrants' length of stay in each activity from MDRC's GAIN registrant survey. The county data on the number of orientation attenders were considered to be accurate during the steady-state period because they closely matched the number of registrants MDRC had randomly assigned during that same period. This, of course, also meant that most GAIN registrants during the steady-state period were in MDRC's research sample, and that the registrant survey data on participation pertained to the orientation attenders counted on the state forms.

[12] As described in Chapter 2, participation in employed-related activities by experimentals and controls was identified through a combination of GAIN program tracking data collected from county casefiles and registrant survey data. The main difference between the participation estimates presented in Chapter 2 and those used in the calculation of costs had to do with the way periods of nonparticipation were handled in estimating the duration of participation in a given component. For that reason, multiplying the unit cost estimate in Table 3.1 by average length of stay estimates presented in Chapter 2 would not yield the same (correct) estimates of average costs presented below in Table 3.2.

## TABLE 3.1

## ESTIMATED UNIT COSTS FOR EMPLOYMENT–RELATED ACTIVITIES (IN 1993 DOLLARS)

| | Experimentals | | | Controls | |
|---|---|---|---|---|---|
| | Welfare Department Unit Cost (Marked Up to Include Costs for Following Nonparticipants) | | Non–Welfare Agency Unit Cost ($) | Non–Welfare Agency Unit Cost | |
| County and Component | Average per Participant–Month (A) | Average per Appraisal($) (B) | Average per ADA (a) ($) (C) | Average per Participant–Month ($) (D) | Average per ADA (a) ($) (E) |
| **Alameda** | | | | | |
| Orientation, appraisal, and assessment | n/a | 515 | n/a | n/a | n/a |
| Job search activities | 1120 | n/a | n/a | 356 | n/a |
| ABE/GED | 180 | n/a | 2109 | n/a | 2094 |
| ESL | 180 | n/a | 2109 | n/a | 2094 |
| Vocational training or post–secondary education | 104 | n/a | 3151 | n/a | 3201 |
| **Butte** | | | | | |
| Orientation, appraisal, and assessment | n/a | 345 | n/a | n/a | n/a |
| Job search activities | 607 | n/a | n/a | 252 | n/a |
| ABE/GED | 112 | n/a | 2106 | n/a | 2090 |
| ESL | 112 | n/a | 2106 | n/a | 2090 |
| Vocational training or post–secondary education | 192 | n/a | 3011 | n/a | 3055 |
| **Los Angeles** | | | | | |
| Orientation, appraisal, and assessment | n/a | 520 | n/a | n/a | n/a |
| Job search activities | 556 | n/a | n/a | 138 | n/a |
| ABE/GED | 288 | n/a | 2131 | n/a | 2124 |
| ESL | 288 | n/a | 2131 | n/a | 2124 |
| Vocational training or post–secondary education | 162 | n/a | 3257 | n/a | 3311 |
| **Riverside** | | | | | |
| Orientation, appraisal, and assessment | n/a | 407 | n/a | n/a | n/a |
| Job search activities | 568 | n/a | n/a | 158 | n/a |
| ABE/GED | 141 | n/a | 2160 | n/a | 2165 |
| ESL | 141 | n/a | 2160 | n/a | 2165 |
| Vocational training or post–secondary education | 101 | n/a | 3522 | n/a | 3588 |

(continued) –

## TABLE 3.1 (continued)

| | Experimentals | | | Controls | |
|---|---|---|---|---|---|
| | Welfare Department Unit Cost (Marked Up to Include Costs for Following Nonparticipants) | | Non–Welfare Agency Unit Cost ($) | Non–Welfare Agency Unit Cost | |
| County and Component | Average per Participant–Month (A) | Average per Appraisal($) (B) | Average per ADA (a) ($) (C) | Average per Participant–Month ($) (D) | Average per ADA (a) ($) (E) |
| **San Diego** | | | | | |
| Orientation, appraisal, and assessment | n/a | 295 | n/a | n/a | n/a |
| Job search activities | 537 | n/a | n/a | 173 | n/a |
| ABE/GED | 243 | n/a | 2153 | n/a | 2155 |
| ESL | 243 | n/a | 2153 | n/a | 2155 |
| Vocational training or post–secondary education | 82 | n/a | 3252 | n/a | 3307 |
| **Tulare** | | | | | |
| Orientation, appraisal, and assessment | n/a | 342 | n/a | n/a | n/a |
| Job search activities | 667 | n/a | n/a | 321 | n/a |
| ABE/GED | 94 | n/a | 2101 | n/a | 2083 |
| ESL | 94 | n/a | 2101 | n/a | 2083 |
| Vocational training or post–secondary education | 77 | n/a | 3121 | n/a | 3170 |

SOURCE: MDRC calculations based on fiscal and participation data from the county welfare departments, the California Department of Social Services, the California Department of Education and the Chancellor's Office of California Community Colleges, and information collected for the MDRC participant flow study and from the registrant survey.

NOTES: The estimated unit cost of unpaid work experience per participant–month ranged from $80 in Alameda to $955 in Tulare, and the OJT unit cost, which was estimated on a cost per participant basis, ranged from $6 in Alameda to $1,852 in Tulare. However, these estimates are less reliable than those for the other activities owing to the very low use of unpaid work experience and OJT assignments. At the same time, the low use of these activities by experimentals and controls means that, even with very high unit cost estimates (as in Tulare), unpaid work experience and OJT assignments account for very little of the total gross cost per experimental and the total gross cost per control. The same estimates were assumed to apply to controls participating in similar activities.

Where data are not available, "n/a" is used.

(a) One "ADA" refers to one unit of Average Daily Attendance, an attendance measure used by California community colleges and adult schools, and defined as a block of 525 hours of attendance. (One ADA unit can be thought of as the total course time for a full–time student during a normal academic year.) Published community college and adult school costs are expressed in terms of expenditures per ADA. These ADA data were also used to approximate unit costs for vocational training that was provided to this study's sample members by institutions other than community colleges and adult schools.

search was the highest for any activity, reflecting the fact that it included the costs of providing the job search activities (e.g., of operating the job club sessions) in addition to case management. Across five of the six counties, the job search unit costs were quite similar, ranging from $537 in San Diego to $667 in Tulare. Alameda's unit cost was the highest, $1,120 per participant-month.

Many factors can affect the size of the unit cost across activities and counties. These include registrant-to-case-manager ratios, the intensity of staff efforts to monitor registrants' participation, the degree of emphasis on personalized attention (which can involve more time-consuming, and hence more costly, interactions with registrants), the wage scales and other overhead costs in different communities (e.g., both may be higher in more urban areas), and a variety of special expenditures a county may make on behalf of registrants in certain components. For example, San Diego had extra on-site counselors in its learning labs for ABE/GED and ESL participants; Tulare and Butte had extra on-site counselors at some community colleges; Riverside made incentive payments to basic education providers; Los Angeles held a motivational training seminar, which was incorporated into its day-and-a-half-long orientation; and Alameda had an on-site day care center at the GAIN office for registrants attending a GAIN orientation and meeting with staff.

Also critical is the number of participants relative to the program's capacity. Unit costs would be higher in a program operating under capacity (e.g., serving fewer people at any one time than its staff and facilities could handle) than in one operating at full capacity. Unit costs could also change quickly and substantially in response to a change in the flow of participants through the program's activities. For example, a sudden increase in the number of participants "on-board" in the program's job search component without a corresponding increase in staffing or facilities would cause unit costs to drop sharply.[13]

The size of a county's unit cost for a particular component was not the only factor that determined the welfare department's *average* cost per experimental for a given GAIN activity; the other determining factor was the per-experimental average length of stay in the component. A short average length of stay could keep down the average cost per experimental even in a program where the unit costs were relatively high.

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[13] The welfare department unit costs in Los Angeles during the time the MDRC research sample was studied may have been somewhat higher than at a later period because, at the earlier point, the program had excess capacity (unused furnished space) because the California state legislature had imposed a cap, for the period from July 1989 to June 1990, on the amount of money the county could spend on a case management contract if it contracted for these services. The county used a private firm, and the existence of the cap, which was in effect during the steady-state period selected for this evaluation, limited the number of people Los Angeles could register for GAIN.

The analysis partly compensated for this problem by using a longer steady-state period for the orientation, appraisal, and assessment category. The longer period included the time after the cap was lifted, when the number of people attending orientation in a given month increased considerably, bringing down the average unit cost of orientation. Although many of the registrants who took part in GAIN orientations in the later period were not part of the research sample, there is little reason to expect that the nature of the orientation and appraisal process had changed in ways that would have affected recipients' subsequent participation in the program or in the labor market. However, the registrants attending orientation after the cap was lifted were not included in the MDRC research sample, and the county's own GAIN-25 data suggest that their participation patterns may have differed from those of the people who were included in the MDRC research sample. Therefore, unit cost estimates for program activities other than orientation, appraisal, and assessment were all based on a steady-state period that ran from October 1989 through September 1990, when most program registrants were also members of the research sample.

Table 3.2, column A, presents the average cost of GAIN incurred by the welfare department, per experimental, in each county for each activity. (In Figure 3.1, this is represented by box 1, excluding support service costs.) The operating cost per experimental for the six counties combined was $2,317, as shown by the subtotal line in the last panel of the table. These costs were fairly similar in Butte, Riverside, San Diego, and Tulare, at approximately $1,600 to $2,100, but much higher in Alameda ($3,273) and Los Angeles ($3,296).

The bulk of the county welfare departments' operating costs were spent on case management activities. These included the time spent on orientation, appraisal, and assessment as well as ongoing case management, which involved assigning registrants to activities, arranging support services, responding to noncompliance, communicating with outside providers, maintaining casefiles on registrants, etc. While the available data do not permit a precise estimate to be made, a reasonable approximation would be that case management accounted for about three-quarters of county welfare department GAIN operating costs per experimental (and about 60 percent of welfare department costs after adding in support service costs).

### B. Child Care and Other Support Service Costs (Figure 3.1, Boxes 1 and 1b)

The overall cost of GAIN included payments for three types of support services to help registrants participate in GAIN activities, as listed in box 1b in Figure 3.1: child care costs, transportation costs, and ancillary services (i.e., miscellaneous employment or training expenses such as uniforms, work shoes, tools, equipment, books, and registration or licensing fees). Individual-level data on support service expenditures were collected from county fiscal records for a representative subsample[14] of experimentals in each of the six counties, covering a period of 25 months after GAIN orientation in Alameda to at least 50 months in San Diego.[15] For the remainder of the five-year time frame used in this analysis, it was necessary to project support service costs for a period ranging from 6 to 10 months in San Diego to 35 months in Alameda.[16]

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[14] Alameda and Los Angeles support service payments data were collected for nearly all experimentals who were included in the impact sample (593 and 2,995, respectively) from the counties' automated tracking files. For the other four counties, support service payments for experimentals in representative county samples (114 in Butte, 214 in Riverside, 2,238 in San Diego for child care and 132 for transportation and ancillary support services, and 175 in Tulare) were obtained from county data bases and spreadsheet files, casefiles, and other fiscal records.

[15] The support service payments data covered a period of 49 months in Butte, 48 months in Los Angeles, 39 months in Riverside, and 47 months in Tulare. In San Diego, data on payments for transportation and ancillary services were available for 54 months, and data on child care for 50 months.

[16] Support service costs had to be projected for approximately one year in Butte, Los Angeles, San Diego, and Tulare, and for approximately two to three years in Riverside and Alameda, respectively. These projections were made by multiplying the observed average monthly payment amount by an estimate of the average length of participation in GAIN activities during the projection period. In Alameda and Los Angeles, monthly support service payments data were not available in a form that could be readily used for this evaluation, so the average of those payments in the other four counties (which did not vary) were used as proxies for the monthly estimate in Alameda and Los Angeles.

## TABLE 3.2

## ESTIMATED GAIN COST PER AFDC-FG EXPERIMENTAL WITHIN FIVE YEARS AFTER ORIENTATION, BY SERVICE COMPONENT AND AGENCY (IN 1993 DOLLARS)

| | Welfare Department GAIN Cost | | Non-Welfare Agencies' GAIN Cost | | Total GAIN Cost | |
|---|---|---|---|---|---|---|
| County and Component | Average per Experimental ($) (A) | Percentage Distribution (B) | Average per Experimental ($) (C) | Percentage Distribution (D) | Average per Experimental (A+C) ($) (E) | Percentage Distribution (F) |
| **Alameda** | | | | | | |
| Orientation, appraisal, and assessment | 515 | 11.6 | 0 | 0.0 | 515 | 7.8 |
| Job search activities | 1176 | 26.6 | 0 | 0.0 | 1176 | 17.8 |
| ABE/GED | 972 | 21.9 | 673 | 30.7 | 1644 | 24.8 |
| ESL | 88 | 2.0 | 61 | 2.8 | 149 | 2.3 |
| Vocational training or post-secondary education | 498 | 11.2 | 1459 | 66.5 | 1957 | 29.5 |
| Unpaid work experience | 25 | 0.6 | 0 | 0.0 | 25 | 0.4 |
| OJT assignment | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Subtotal (operating costs) | 3273 | 73.9 | 2193 | 100.0 | 5466 | 82.5 |
| Child care | 443 | 10.0 | 0 | 0.0 | 443 | 6.7 |
| Other support services | 713 | 16.1 | 0 | 0.0 | 713 | 10.8 |
| Total | 4429 | 100.0 | 2193 | 100.0 | 6622 | 100.0 |
| **Butte** | | | | | | |
| Orientation, appraisal, and assessment | 627 | 23.7 | 0 | 0.0 | 627 | 15.8 |
| Job search activities | 565 | 21.3 | 0 | 0.0 | 565 | 14.3 |
| ABE/GED | 200 | 7.5 | 326 | 24.9 | 526 | 13.3 |
| ESL | 112 | 4.2 | 166 | 12.7 | 278 | 7.0 |
| Vocational training or post-secondary education | 513 | 19.4 | 816 | 62.3 | 1329 | 33.6 |
| Unpaid work experience | 70 | 2.6 | 0 | 0.0 | 70 | 1.8 |
| OJT assignment | 5 | 0.2 | 0 | 0.0 | 5 | 0.1 |
| Subtotal (operating costs) | 2091 | 78.9 | 1309 | 100.0 | 3400 | 85.9 |
| Child care | 156 | 5.9 | 0 | 0.0 | 156 | 3.9 |
| Other support services | 403 | 15.2 | 0 | 0.0 | 403 | 10.2 |
| Total | 2650 | 100.0 | 1309 | 100.0 | 3959 | 100.0 |

(continued)

## TABLE 3.2 (continued)

| | Welfare Department GAIN Cost | | Non–Welfare Agencies' GAIN Cost | | Total GAIN Cost | |
|---|---|---|---|---|---|---|
| County and Component | Average per Experimental ($) (A) | Percentage Distribution (B) | Average per Experimental ($) (C) | Percentage Distribution (D) | Average per Experimental (A+C) ($) (E) | Percentage Distribution (F) |
| **Los Angeles** | | | | | | |
| Orientation, appraisal, and assessment | 520 | 12.9 | 0 | 0.0 | 520 | 8.7 |
| Job search activities | 589 | 14.6 | 0 | 0.0 | 589 | 9.8 |
| ABE/GED | 1267 | 31.5 | 799 | 40.8 | 2066 | 34.5 |
| ESL | 613 | 15.2 | 403 | 20.5 | 1016 | 17.0 |
| Vocational training or post–secondary education | 307 | 7.6 | 759 | 38.7 | 1066 | 17.8 |
| Unpaid work experience | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| OJT assignment | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Subtotal (operating costs) | 3296 | 81.9 | 1961 | 100.0 | 5257 | 87.9 |
| Child care | 314 | 7.8 | 0 | 0.0 | 314 | 5.2 |
| Other support services | 413 | 10.3 | 0 | 0.0 | 413 | 6.9 |
| Total | 4023 | 100.0 | 1961 | 100.0 | 5984 | 100.0 |
| **Riverside** | | | | | | |
| Orientation, appraisal, and assessment | 560 | 27.0 | 0 | 0.0 | 560 | 18.9 |
| Job search activities | 857 | 41.4 | 0 | 0.0 | 857 | 28.9 |
| ABE/GED | 205 | 9.9 | 227 | 25.5 | 432 | 14.6 |
| ESL | 76 | 3.7 | 82 | 9.2 | 158 | 5.3 |
| Vocational training or post–secondary education | 195 | 9.4 | 581 | 65.3 | 776 | 26.2 |
| Unpaid work experience | 9 | 0.4 | 0 | 0.0 | 9 | 0.3 |
| OJT assignment | 3 | 0.1 | 0 | 0.0 | 3 | 0.1 |
| Subtotal (operating costs) | 1905 | 91.9 | 890 | 100.0 | 2795 | 94.3 |
| Child care | 57 | 2.7 | 0 | 0.0 | 57 | 1.9 |
| Other support services | 111 | 5.4 | 0 | 0.0 | 111 | 3.7 |
| Total | 2073 | 100.0 | 890 | 100.0 | 2963 | 100.0 |
| **San Diego** | | | | | | |
| Orientation, appraisal, and assessment | 326 | 15.3 | 0 | 0.0 | 326 | 10.1 |
| Job search activities | 688 | 32.2 | 0 | 0.0 | 688 | 21.3 |
| ABE/GED | 316 | 14.8 | 256 | 23.4 | 572 | 17.7 |
| ESL | 105 | 4.9 | 69 | 6.3 | 173 | 5.4 |
| Vocational training or post–secondary education | 223 | 10.4 | 771 | 70.3 | 993 | 30.8 |
| Unpaid work experience | 78 | 3.6 | 0 | 0.0 | 78 | 2.4 |
| OJT assignment | 17 | 0.8 | 0 | 0.0 | 17 | 0.5 |
| Subtotal (operating costs) | 1751 | 82.1 | 1096 | 100.0 | 2847 | 88.1 |
| Child care | 225 | 10.5 | 0 | 0.0 | 225 | 7.0 |
| Other support services | 158 | 7.4 | 0 | 0.0 | 158 | 4.9 |
| Total | 2134 | 100.0 | 1096 | 100.0 | 3230 | 100.0 |

(continued)

## TABLE 3.2 (continued)

| County and Component | Welfare Department GAIN Cost | | Non–Welfare Agencies' GAIN Cost | | Total GAIN Cost | |
|---|---|---|---|---|---|---|
| | Average per Experimental ($) (A) | Percentage Distribution (B) | Average per Experimental ($) (C) | Percentage Distribution (D) | Average per Experimental (A+C) ($) (E) | Percentage Distribution (F) |
| **Tulare** | | | | | | |
| Orientation, appraisal, and assessment | 383 | 18.3 | 0 | 0.0 | 383 | 10.3 |
| Job search activities | 480 | 23.0 | 0 | 0.0 | 480 | 12.9 |
| ABE/GED | 349 | 16.7 | 540 | 32.8 | 889 | 23.8 |
| ESL | 135 | 6.5 | 271 | 16.5 | 406 | 10.9 |
| Vocational training or post–secondary education | 212 | 10.2 | 833 | 50.7 | 1046 | 28.0 |
| Unpaid work experience | 19 | 0.9 | 0 | 0.0 | 19 | 0.5 |
| OJT assignment | 6 | 0.3 | 0 | 0.0 | 6 | 0.1 |
| Subtotal (operating costs) | 1584 | 75.9 | 1644 | 100.0 | 3229 | 86.5 |
| Child care | 152 | 7.3 | 0 | 0.0 | 152 | 4.1 |
| Other support services | 350 | 16.8 | 0 | 0.0 | 350 | 9.4 |
| Total | 2086 | 100.0 | 1644 | 100.0 | 3731 | 100.0 |
| **All counties (a)** | | | | | | |
| Orientation, appraisal, and assessment | 488 | 16.8 | 0 | 0.0 | 488 | 11.1 |
| Job search activities | 726 | 25.0 | 0 | 0.0 | 726 | 16.4 |
| ABE/GED | 551 | 19.0 | 470 | 31.0 | 1022 | 23.1 |
| ESL | 188 | 6.5 | 175 | 11.6 | 364 | 8.2 |
| Vocational training or post–secondary education | 325 | 11.2 | 870 | 57.4 | 1194 | 27.1 |
| Unpaid work experience | 33 | 1.2 | 0 | 0.0 | 33 | 0.8 |
| OJT assignment | 5 | 0.2 | 0 | 0.0 | 5 | 0.1 |
| Subtotal (operating costs) | 2317 | 79.9 | 1515 | 100.0 | 3832 | 86.8 |
| Child care | 225 | 7.7 | 0 | 0.0 | 225 | 5.1 |
| Other support services | 358 | 12.3 | 0 | 0.0 | 358 | 8.1 |
| Total | 2899 | 100.0 | 1515 | 100.0 | 4415 | 100.0 |

SOURCE: See Table 3.1.

NOTES: The estimated unit cost of unpaid work experience per participant–month ranged from $80 in Alameda to $955 in Tulare, and the OJT unit cost, which was estimated on a cost per participant basis, ranged from $6 in Alameda to $1,852 in Tulare. However, these estimates are less reliable than those for the other activities owing to the very low use of unpaid work experience and OJT assignments. At the same time, the low use of these activities by experimentals and controls means that, even with very high unit cost estimates (as in Tulare), unpaid work experience and OJT assignments account for very little of the total gross cost per experimental and the total gross cost per control. The same estimates were assumed to apply to controls participating in similar activities.

Distributions may not sum to 100.0 percent because of rounding.

(a) In the all–county averages, the results for each county are weighted equally.

Table 3.2 presents the five-year estimated support service expenditures per experimental (column A) and shows the percentage of each county welfare department's overall GAIN cost attributable to support services (column B). For example, the estimated cost of child care in Butte averaged $156 per experimental, accounting for about 6 percent of the overall cost incurred directly by the Butte welfare department (column B). This is close to the all-county estimate of $225 per experimental and accounted for almost 8 percent of the GAIN costs incurred by the county welfare departments, as shown in the last panel of Table 3.2.

Table 3.3 provides more detailed information on support service costs. Column A shows the proportion of the experimental group who ever used the various support services. For example, across all six counties (as shown in the last panel of the table), only about 14 percent of experimentals ever used child care that was paid for with GAIN funds while they were participating in the program.[17] Column B shows the average amount of money the counties paid in a typical month per person for whom a payment was made in the month (e.g., $180 for child care), and column C indicates the total amount spent during the five-year period *per experimental who used a specified support service* (e.g., $1,229 for child care for those that used GAIN child care funds). Columns D and E present the support service costs that were observed and projected *per experimental* (i.e., averaged over *all* experimentals, including those who never used any support services). The average observed and projected amounts together sum to the five-year total cost per experimental (column F), which was $225 for child care, $261 for transportation expenses, and $97 for ancillary services for all six counties combined. (It is important to note that the five-year support service cost estimates are less certain in counties such as Alameda where the projection period is so much longer than in other counties.)

Finally, column G indicates the percentage distribution of support service costs by type of service. It shows that, across all six counties, child care accounted for about 39 percent of the per-experimental cost of all support services provided as part of the GAIN program, while transportation accounted for 45 percent, followed by ancillary services at almost 17 percent. Transportation cost more than child care per experimental because a much larger proportion of the experimental sample received transportation payments (57 percent) than used GAIN-funded child care (14 percent), as indicated in column A. However, as expected, the cost per person receiving transportation payments ($387) was much lower than the cost per person using child care paid for by GAIN ($1,229), as indicated in column C.

When the support service costs are compared across counties, Riverside's costs stand out as much lower than other counties' average expenditures for these services. This appears to be due to

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[17] The finding that only 14 percent of GAIN experimentals (across the six counties) used GAIN-funded child care is comparable to the rate estimated by MDRC in an earlier special study of GAIN child care in a different sample of California counties (although over a shorter follow-up period). In that study, approximately 13 percent of orientation attenders responding to an 18-month survey reported having used GAIN child care funds. (See Martinson and Riccio, 1989.) Some of the same explanatory factors probably apply. According to the earlier study, most of those who did not use GAIN-funded child care did not meet the criteria for receiving it. For example, a large number of orientation attenders did not participate at all in GAIN activities, in many cases because they were deferred on the grounds that they had part-time employment or for other reasons, or because they left welfare before attending a GAIN activity. Even among participants, the need for child care was not universal. Many were determined not to require any child care assistance because their youngest child was at least 14 years old or because all of their GAIN activity took place while their children were in school.

## TABLE 3.3

## ESTIMATED GAIN SUPPORT SERVICE COST PER AFDC–FG EXPERIMENTAL WITHIN FIVE YEARS AFTER ORIENTATION, BY TYPE OF SUPPORT SERVICE (IN 1993 DOLLARS)

| County and Cost Category | Percent of Experimentals Who Received the Service (A) | Average Observed Cost per Monthly Payment ($) (B) | Average Observed Cost per Person Who Received the Service ($) (C) | Average Cost per Experimental: Observed ($) (D) | Average Cost per Experimental: Projected ($) (E) | Average Cost per Experimental: Total (D+E) ($) (F) | Percentage Distribution (G) |
|---|---|---|---|---|---|---|---|
| **Alameda** | | | | | | | |
| In–program child care (a) | 21.8 | n/a | 1263 | 275 | 168 | 443 | 38.3 |
| Transportation | 79.3 | n/a | 317 | 251 | 234 | 485 | 42.0 |
| Ancillary services | 51.8 | n/a | 115 | 60 | 168 | 228 | 19.7 |
| Total | n/a | n/a | n/a | 586 | 570 | 1156 | 100.0 |
| **Butte** | | | | | | | |
| In–program child care | 11.0 | 176 | 1175 | 129 | 27 | 156 | 27.9 |
| Transportation | 23.5 | 117 | 818 | 192 | 39 | 231 | 41.3 |
| Ancillary services | 34.0 | 86 | 384 | 131 | 41 | 172 | 30.8 |
| Total | n/a | n/a | n/a | 452 | 107 | 559 | 100.0 |
| **Los Angeles** | | | | | | | |
| In–program child care | 14.7 | n/a | 1915 | 281 | 33 | 314 | 43.2 |
| Transportation | 85.5 | n/a | 290 | 248 | 74 | 322 | 44.3 |
| Ancillary services | 37.0 | n/a | 151 | 56 | 35 | 91 | 12.5 |
| Total | n/a | n/a | n/a | 585 | 142 | 727 | 100.0 |
| **Riverside** | | | | | | | |
| In–program child care | 9.3 | 165 | 470 | 44 | 13 | 57 | 33.9 |
| Transportation | 52.3 | 31 | 82 | 43 | 13 | 56 | 33.3 |
| Ancillary services | 30.8 | 73 | 117 | 36 | 19 | 55 | 32.7 |
| Total | n/a | n/a | n/a | 123 | 45 | 168 | 100.0 |
| **San Diego** | | | | | | | |
| In–program child care (b) | 15.8 | 194 | 1265 | 210 | 15 | 225 | 58.7 |
| Transportation | 49.4 | 39 | 266 | 132 | 6 | 138 | 36.0 |
| Ancillary services | 15.0 | 62 | 110 | 17 | 3 | 20 | 5.2 |
| Total | n/a | n/a | n/a | 359 | 24 | 383 | 100.0 |

(continued)

## TABLE 3.3 (continued)

| County and Cost Category | Percent of Experimentals Who Received the Service (A) | Average Observed Cost per Monthly Payment ($) (B) | Average Observed Cost per Person Who Received the Service ($) (C) | Average Cost per Experimental Observed ($) (D) | Projected ($) (E) | Total (D+E) ($) (F) | Percentage Distribution (G) |
|---|---|---|---|---|---|---|---|
| **Tulare** | | | | | | | |
| In-program child care | 10.7 | 184 | 1288 | 137 | 15 | 152 | 30.3 |
| Transportation | 54.7 | 87 | 550 | 301 | 35 | 336 | 66.9 |
| Ancillary services | 8.4 | 82 | 108 | 9 | 5 | 14 | 2.8 |
| Total | n/a | n/a | n/a | 447 | 55 | 502 | 100.0 |
| **All counties (c)** | | | | | | | |
| In-program child care | 13.9 | 180 | 1229 | 179 | 45 | 225 | 38.5 |
| Transportation | 57.4 | 68 | 387 | 195 | 67 | 261 | 44.9 |
| Ancillary services | 29.5 | 76 | 164 | 52 | 45 | 97 | 16.6 |
| Total | n/a | n/a | n/a | 425 | 157 | 583 | 100.0 |

SOURCE: Calculations based on county welfare department fiscal and participation data and MDRC participation data.

NOTES: Distributions may not sum to 100.0 percent because of rounding.

The automated support service expenditure data that were available for Alameda and Los Angeles were not processed by MDRC in a way that would permit an average cost per monthly payment to be estimated.

Where data are not available, "n/a" is used.

(a) This figure includes a very small amount of transitional child care provided by GAIN under the three-month rule that applied prior to April 1990.

(b) In San Diego, a very small amount of unlicensed in-home child care expenditures was included in the average cost per experimental estimate but excluded from the estimated average cost per monthly payment and average cost per person who received the service, owing to data limitations.

(c) In the all-county averages, the results for each county are weighted equally.

the shorter length of time that Riverside's experimentals participated in GAIN activities. Table 3.3 (column B) shows, e.g., that Riverside's average monthly child care payment ($165) was not substantially lower than other counties' average monthly payment (e.g., it was only $19 lower than Tulare's average of $184). Moreover, the proportion of Riverside experimentals ever using GAIN-funded child care was close to the rate in at least some other counties (e.g., 9 percent compared to about 11 percent in Tulare). However, the cost *per person using GAIN funds for child care* was much lower in Riverside (e.g., $470 compared to $1,288 in Tulare, a difference of $818), indicating that the average length of time those funds were used was less than in other counties.[18]

It is important to note that, across all six counties, the average cost of GAIN child care per experimental, while substantial, might have been higher still if the research sample had been composed mostly of parents with younger children, a group that has a greater need for child care. For those with schoolage children, GAIN activities were often scheduled to take place while the children themselves were in school. Also, those whose youngest child was a teenager (up to about one-quarter of the research sample in some counties) would not have been eligible for GAIN-funded child care.

### C. Transitional Child Care

Under JOBS rules, welfare recipients are entitled to receive transitional child care assistance from the county welfare department if they leave welfare for employment and meet other criteria. However, because people who leave welfare for employment are eligible for this assistance regardless of whether they were ever in the JOBS (i.e., GAIN) program, transitional child care is not considered in this analysis to be a GAIN-related cost. At the same time, GAIN could have affected transitional child care payments to the extent that it increased the probability of people leaving welfare for employment, and to the extent that it increased welfare recipients' awareness of the availability of this benefit. In this sense, transitional child care might be thought of as a "complementary" rather than a direct cost of GAIN, and, therefore, appropriate to consider in an analysis of the overall cost of serving experimentals.

The data available for this study did not permit an accurate estimate to be made of the average value of county expenditures for transitional child care per experimental and per control. However, several types of information indicate clearly that the actual amount was very low.[19] For example, according to the registrant survey, it appears that roughly 1 to 3 percent of all survey respondents reported using transitional child care within the two- to three-year survey follow-up period. Data on receipt of this assistance were also collected directly from the county welfare departments for experimentals and controls in Butte, Riverside, and San Diego. These results, too, reveal little usage: by none of the experimentals or controls sampled in Riverside, less than 1 percent of experimentals and controls in San Diego, and possibly up to 2 percent of experimentals (but no controls) in Butte.[20] (It is possible, of course, that a somewhat greater proportion of experimentals and perhaps controls used transitional child care over time as more and more of them left welfare for work.)

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[18] This is consistent with the participation findings discussed in Chapter 2, which showed that, within the first 11 months of follow-up, nearly 79 percent of Riverside's AFDC-FG experimentals had deregistered from GAIN, while in other counties the rate ranged from 28 percent in Alameda to 57 percent in San Diego (see Table 2.12).

[19] MDRC's 1989 study of GAIN child care found a similarly low use of the three-month transitional child care that, prior to JOBS, was offered as part of GAIN's support services. Although the exact reasons for that low usage rate could not be determined, the report identifies a number of factors that may have contributed to that result, including the fact that some orientation attenders in that study did not become eligible for the funds (e.g., they did not leave welfare for work), some who might have been eligible said that they did not need the assistance (e.g., perhaps they worked part-time while their children were in school), and some may not have been adequately informed about their entitlement to transitional child care. See Martinson and Riccio, 1989, pp. 72-77.

## III. The Cost of GAIN to Non-Welfare Agencies (Figure 3.1, Box 2)

Non-welfare agencies – adult schools, community colleges, and other organizations – provided the education and training for GAIN registrants who were assigned to basic education classes, vocational training, and post-secondary education to meet their participation obligation, or who were participating in approved self-initiated activities begun prior to entering GAIN. Thus, the expenditures made by the non-welfare agencies to serve GAIN registrants are considered to be GAIN-related costs (as illustrated in box 2 of Figure 3.1), even though they were not controlled directly by the county welfare departments.[21]

To estimate the per-experimental average of these costs for each county, it was first necessary to determine the appropriate unit cost for each activity. Provider unit costs were estimated separately for ABE/GED, ESL, and vocational training or post-secondary education, and covered operating expenses but not support services. They were based largely on expenditure data for community colleges and adult schools (the main providers) and for ROC/Ps, all of which were obtained from the Chancellor's Office of the California Community Colleges and the California State Department of Education.[22] These expenditures are expressed in terms of the average cost per unit of Average

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[20] In Butte, transitional child care payment data for the 12 months from April 1991 through March 1992 was analyzed for the full AFDC-FG sample of 986 experimentals and 243 controls used for the impact analysis. County records indicated that seven experimentals and no controls received transitional child care payments. In Riverside, a random sample of 595 experimentals and 200 controls was matched to transitional child care payments for the period from July 1990 through April 1993, but no payments were found. In San Diego, transitional child care payment data were obtained for a subsample of 195 registrant survey sample members who said they had left AFDC for employment. Of the 195 sample members, one experimental and on control received transitional child care payments between April 1990 and March 1993.

[21] Some of these expenditures included California Department of Education, JTPA, and California Community Colleges monies that were earmarked by the state legislature for serving GAIN registrants. Until July 1990, these sums were counted as "community resources" in the state's GAIN budget.

[22] California Community Colleges data were obtained from the 1989-90 Fiscal Data Abstract of the Chancellor's Office. County numbers were calculated from accumulated district-level numbers. Results were inflation-adjusted to 1993 dollars. California State Department of Education data on adult schools were obtained from the Education Finance Division (ADA statistics) and from the School Business Services Division (Adult School Fund expenditure reports) and the Budget Office (estimated state-level expenses). Fiscal year 1991-1992 data were used for calculations and the results then were inflation-adjusted to 1993 dollars.

The registrant survey indicates that some participants in vocational training programs are likely to have received their training at institutions other than community colleges and adults schools. These institutions could include a great variety of proprietary schools, community-based nonprofit organizations, and ROC/Ps, in many cases using JTPA funds to help pay for the services. (Community colleges and adult schools also used JTPA funds.) Because data were not available on the actual cost of services provided by these other

(continued...)

Daily Attendance (ADA), where one ADA unit represents 525 hours of attendance. (One ADA unit can be thought of as the total course time for a full-time student during a normal academic year.)[23]

Table 3.1 presents the unit cost estimates for ABE/GED, ESL,[24] and vocational training and post-secondary education (see column C).[25] As the table shows, the estimated unit cost of ABE/GED and ESL instruction for experimentals was over $2,100 per ADA in all six counties. For vocational training and post-secondary education, unit costs were considerably higher, ranging from $3,011 in Butte to $3,522 in Riverside.[26]

Once the provider unit cost was estimated for a given activity, it was multiplied by a corresponding GAIN-related length of stay estimate per experimental, with the average number of months participating transformed into an estimate of the average number of ADA units of participation per experimental.[27] This yielded the estimated non-welfare agencies' GAIN cost per experimental.

The results are presented in column C of Table 3.2. As shown in the last panel, non-welfare agencies spent about $1,515 per experimental for all GAIN-related activities across all six counties. This is about half the total GAIN cost of $2,899 per experimental incurred by the county welfare departments directly (column A).

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[22](...continued)
institutions, the analysis used the average community college, adult school, and ROC/P cost per hour to approximate their unit costs.

[23] For example, a community college student taking a full complement of courses that meet for three hours per day for 175 days would account for one ADA unit. A part-time student taking half of a full course load would account for one-half of an ADA, etc.

[24] Data available on community colleges and adult schools did not permit the unit cost of ESL to be estimated separately from the unit cost of ABE/GED instruction.

[25] For ABE/GED and ESL, the unit costs in each county reflected the average of the community college and adult school unit costs for basic education, since both types of institutions provided basic education courses. However, these costs were weighted according to the proportion of the participants in the experimental group who used each type of provider. The relative use of different types of institutions was determined from respondents' answers to a question on the registrant survey asking them to indicate the type of institution they attended for each activity. Separate weights were used in each county to reflect county variation in the frequency of relying on community colleges versus adult schools for basic education courses. A similar weighting scheme was used in estimating the average unit cost for vocational training and post-secondary education, since adult schools and other institutions as well as community colleges provided those services.

County-specific data on average community college expenditures per ADA were obtained for the six counties in the study. However, unit cost estimates for adult schools and ROC/Ps were based on statewide averages.

[26] Because one unit of ADA is 525 hours, an hourly cost can be determined simply by dividing the cost per ADA by 525 hours. Thus, using Riverside as an example, the estimated hourly cost is $4.11 for basic education instruction and $6.71 for vocational training and post-secondary education.

[27] This transformation was made partly by using information on the average number of hours per week that participants were scheduled to participate in each activity, as reported on the registrant survey. Other adjustments were also made in an effort to estimate the average number of ADA units per experimental in a manner that was consistent with the definitions employed by the community colleges and adult schools.

## IV. The Total Cost of GAIN per AFDC-FG Experimental (Figure 3.1, Box 3)

As previously explained, the total cost of GAIN per experimental (box 3 in Figure 3.1) was the sum of the county welfare department's and non-welfare agencies' GAIN-related costs per experimental. This overall cost can be seen in column E of Table 3.2. For all six counties (the last panel), the sum was $4,415 per experimental. The percentage distribution in column F indicates that, of this total, almost 87 percent was accounted for by operating costs, another 5 percent was accounted for by child care expenditures, and another 8 percent by other support services (i.e., transportation and ancillary costs).

Table 3.2 also shows that the total cost of GAIN per experimental varied widely across the six counties. Four counties – Butte, Riverside, San Diego, and Tulare – had an average cost in the range of about $3,000 to $4,000, while Los Angeles spent more than $5,900 per experimental and Alameda, more than $6,600. (Figure 3.2 illustrates the differences across counties in the distribution of the total cost of GAIN by type of GAIN activity or service.) The unusually high costs in Alameda and Los Angeles (both of which served only long-term welfare recipients) are largely attributable to their experimentals' relatively lengthy stays in education and training activities. This can be illustrated by comparing both unit costs and total GAIN costs for education and training activities in Riverside and Alameda. Table 3.1 shows, e.g., that the county welfare department's unit cost for ABE/GED in Alameda exceeded Riverside's by only $39 per participant-month ($180 compared to $141). Moreover, the basic education providers' unit costs were actually higher in Riverside than in Alameda ($2,160 compared to $2,109). Yet, as shown in column E of Table 3.2, the total GAIN cost per experimental for ABE/GED was much higher in Alameda ($1,644) than in Riverside ($432). This difference derives from the fact that experimentals in Alameda were more likely than their counterparts in Riverside to start ABE/GED activities, and to remain in them longer once they began them (see Chapter 2).[28] (This was true also in Los Angeles, where the cost of basic education was even higher than in Alameda.)

Alameda also stands apart from Riverside (and all other counties) in its higher expenditures per experimental on GAIN-related vocational training and post-secondary education: $1,957 compared to $776 in Riverside (Table 3.2, column E). Again, this difference mostly reflected the wide variation between the two counties in the rate and duration of participation in these activities by experimentals *while they were in the GAIN program*.

Longer participation in activities also produces greater expenditures for support services. For this reason, it is thus not surprising that Alameda's average child care expenditures ($433) and other support service costs ($713) exceeded those in Riverside ($57 and $111, respectively).[29]

The differences in total GAIN costs between these two counties thus reflected the different

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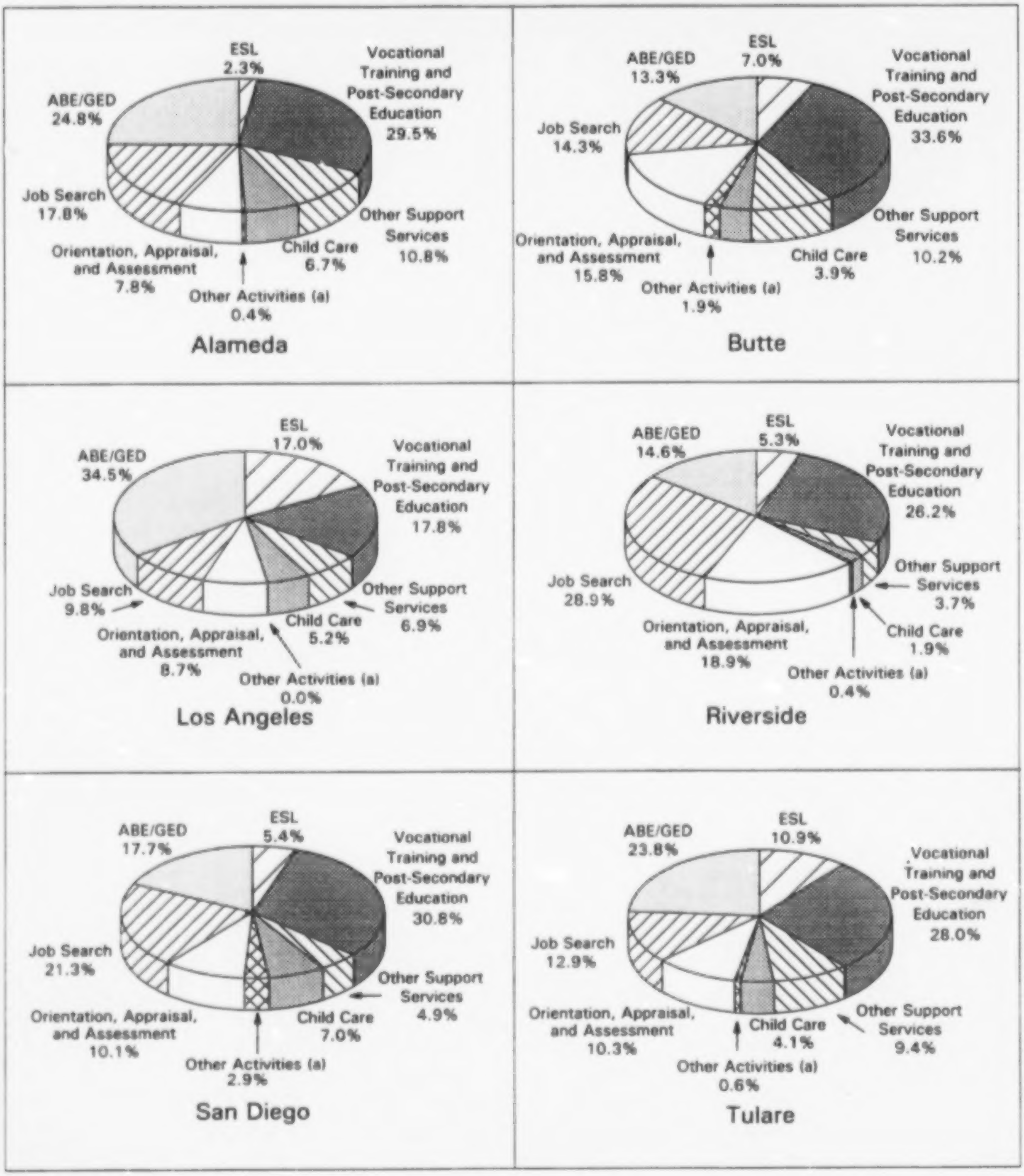
[28] See Chapter 2 for a comparison of county differences in length of stay in each activity. It is important to note, however, that the actual length of stay estimates presented in that chapter differed somewhat from the estimates that were used in the cost analysis. In estimating county welfare department costs, the cost analysis had to include adjustments so that length of stay would be defined in exactly the same way that participant-months were defined in calculating the unit cost estimates.

[29] Alameda's higher child care expenditures may have also been the result of a larger proportion of single parents with children under age 6 in that county's research sample. See Chapter 1.

## FIGURE 3.2

## PERCENTAGE DISTRIBUTION OF THE ESTIMATED FIVE-YEAR TOTAL COST OF GAIN PER AFDC-FG EXPERIMENTAL, BY SERVICE COMPONENT



SOURCE: Table 3.2.

NOTES: Distributions may not sum to 100.0 percent because of rounding.

(a) Other activities are unpaid work experience and on-the-job training (OJT) assignments.

approaches they took in operating GAIN, which were described in Chapter 2: Alameda's emphasis on building registrants' human capital through education and training versus Riverside's emphasis on moving registrants into the labor force expeditiously. In Los Angeles, the high rate and duration of participation in basic education activities, in combination with a higher county welfare department unit cost for those activities, accounted for much of that county's comparatively high GAIN cost per experimental.

## V. Total Gross Cost (for GAIN and Non-GAIN Services) per AFDC-FG Experimental (Figure 3.1, Box 5)

GAIN activities were not the only employment-related activities experimentals used during the follow-up period. As discussed in Chapter 2, some experimentals entered vocational training and post-secondary activities on their own after leaving the GAIN program. Because these services have the potential to increase experimentals' longer-term earnings and reduce their use of welfare, it is important to count their cost in estimating the total government investment on behalf of the experimental group. It is that total investment – referred to in this analysis as the *total gross cost per experimental* – that must be compared to the total gross cost per control in order to determine the government's net investment per experimental and, in the benefit-cost analysis, the net payoff of that investment.

### A. Non-GAIN Cost per Experimental (Figure 3.1, Box 4)

To estimate the average non-GAIN cost per experimental for employment-related activities in each county, the analysis followed the same principles that were used to estimate GAIN-related expenditures by non-welfare agencies: The provider unit cost for the specified activity was multiplied by experimentals' average length of stay in the activity. The results are presented in column C of Table 3.4. For all six counties, the average cost of all non-GAIN activities was estimated as $480 per experimental, as shown in the last panel of the table. Column D indicates that most (87 percent) of these costs were for vocational training or post-secondary education. Overall, the average cost for non-GAIN activities varied only modestly across the counties, from $355 per experimental in Alameda to $689 in San Diego.

### B. Total Gross Cost per Experimental (Figure 3.1, Box 5)

The total gross cost per experimental of all employment-related activities (Column E of Table 3.4) was determined by adding the non-GAIN cost per experimental (column C) to the total GAIN cost per experimental (column A). The six-county average, as shown in the last panel of the table, was thus $4,895, of which $4,415 (90 percent) were GAIN-related expenditures.

The top graph in Figure 3.3 illustrates the proportion of each county's total gross cost per experimental (represented by the full bar) that was accounted for by the welfare department's GAIN-related expenditures (the shaded segment), non-welfare agencies' GAIN-related costs (the cross-hatched segment), and non-welfare agencies' non-GAIN costs (the white segment). The bottom graph presents the same information, but in percentage terms. In every county, the combined GAIN-related expenditures by the welfare department and non-welfare agencies accounted for most of the total gross cost per experimental. Non-GAIN costs comprised a larger share of that total (10 to 18 percent) in

## TABLE 3.4

## ESTIMATED GAIN, NON-GAIN, AND TOTAL GROSS COST PER AFDC-FG EXPERIMENTAL WITHIN FIVE YEARS AFTER ORIENTATION, BY SERVICE COMPONENT

| | Total GAIN Cost (County Welfare Department and Non-Welfare Agencies) | | Non-GAIN Cost (Non-Welfare Agencies) | | Total Gross Cost ($) (GAIN and Non-GAIN) | |
|---|---|---|---|---|---|---|
| County and Component | Average per Experimental ($) (A) | Percentage Distribution (B) | Average per Experimental ($) (C) | Percentage Distribution (D) | Average per Experimental (A+C) ($) (E) | Percentage Distribution (F) |
| **Alameda** | | | | | | |
| Orientation, appraisal, and assessment | 515 | 7.8 | 0 | 0.0 | 515 | 7.4 |
| Job search activities | 1176 | 17.8 | 7 | 2.0 | 1183 | 17.0 |
| ABE/GED | 1644 | 24.8 | 55 | 15.4 | 1699 | 24.4 |
| ESL | 149 | 2.3 | 0 | 0.0 | 149 | 2.1 |
| Vocational training or post-secondary education | 1957 | 29.5 | 293 | 82.5 | 2250 | 32.2 |
| Unpaid work experience | 25 | 0.4 | 0 | 0.0 | 25 | 0.4 |
| OJT assignment | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Subtotal (operating costs) | 5466 | 82.5 | 355 | 100.0 | 5821 | 83.4 |
| Child care (a) | 443 | 6.7 | 0 | 0.0 | 443 | 6.3 |
| Other support services | 713 | 10.8 | 0 | 0.0 | 713 | 10.2 |
| Total | 6622 | 100.0 | 355 | 100.0 | 6977 | 100.0 |
| **Butte** | | | | | | |
| Orientation, appraisal, and assessment | 627 | 15.8 | 0 | 0.0 | 627 | 14.2 |
| Job search activities | 565 | 14.3 | 5 | 1.1 | 570 | 12.9 |
| ABE/GED | 526 | 13.3 | 32 | 7.0 | 558 | 12.6 |
| ESL | 278 | 7.0 | 11 | 2.3 | 289 | 6.5 |
| Vocational training or post-secondary education | 1329 | 33.6 | 406 | 89.6 | 1735 | 39.3 |
| Unpaid work experience | 70 | 1.8 | 0 | 0.0 | 70 | 1.6 |
| OJT assignment | 5 | 0.1 | 0 | 0.0 | 5 | 0.1 |
| Subtotal (operating costs) | 3400 | 85.9 | 454 | 100.0 | 3854 | 87.3 |
| Child care | 156 | 3.9 | 0 | 0.0 | 156 | 3.5 |
| Other support services | 403 | 10.2 | 0 | 0.0 | 403 | 9.1 |
| Total | 3959 | 100.0 | 454 | 100.0 | 4413 | 100.0 |

(continued)

## TABLE 3.4 (continued)

| County and Component | Total GAIN Cost (County Welfare Department and Non-Welfare Agencies) |  | Non-GAIN Cost (Non-Welfare Agencies) |  | Total Gross Cost ($) (GAIN and Non-GAIN) |  |
|---|---|---|---|---|---|---|
|  | Average per Experimental ($) (A) | Percentage Distribution (B) | Average per Experimental ($) (C) | Percentage Distribution (D) | Average per Experimental (A+C) ($) (E) | Percentage Distribution (F) |
| **Los Angeles** |  |  |  |  |  |  |
| Orientation, appraisal, and assessment | 520 | 8.7 | 0 | 0.0 | 520 | 8.1 |
| Job search activities | 589 | 9.8 | 0 | 0.0 | 589 | 9.2 |
| ABE/GED | 2066 | 34.5 | 17 | 4.1 | 2083 | 32.5 |
| ESL | 1016 | 17.0 | 17 | 4.1 | 1033 | 16.1 |
| Vocational training or post-secondary education | 1066 | 17.8 | 384 | 91.9 | 1450 | 22.7 |
| Unpaid work experience | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| OJT assignment | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Subtotal (operating costs) | 5257 | 87.9 | 418 | 100.0 | 5675 | 88.6 |
| Child care | 314 | 5.2 | 0 | 0.0 | 314 | 4.9 |
| Other support services | 413 | 6.9 | 0 | 0.0 | 413 | 6.5 |
| Total | 5984 | 100.0 | 418 | 100.0 | 6402 | 100.0 |
| **Riverside** |  |  |  |  |  |  |
| Orientation, appraisal, and assessment | 560 | 18.9 | 0 | 0.0 | 560 | 16.1 |
| Job search activities | 857 | 28.9 | 11 | 2.2 | 868 | 25.0 |
| ABE/GED | 432 | 14.6 | 32 | 6.4 | 464 | 13.4 |
| ESL | 158 | 5.3 | 15 | 3.0 | 174 | 5.0 |
| Vocational training or post-secondary education | 776 | 26.2 | 447 | 88.4 | 1223 | 35.3 |
| Unpaid work experience | 9 | 0.3 | 0 | 0.0 | 9 | 0.2 |
| OJT assignment | 3 | 0.1 | 0 | 0.0 | 3 | 0.1 |
| Subtotal (operating costs) | 2795 | 94.3 | 506 | 100.0 | 3301 | 95.2 |
| Child care | 57 | 1.9 | 0 | 0.0 | 57 | 1.6 |
| Other support services | 111 | 3.7 | 0 | 0.0 | 111 | 3.2 |
| Total | 2963 | 100.0 | 506 | 100.0 | 3469 | 100.0 |
| **San Diego** |  |  |  |  |  |  |
| Orientation, appraisal, and assessment | 326 | 10.1 | 0 | 0.0 | 326 | 8.3 |
| Job search activities | 688 | 21.3 | 10 | 1.5 | 698 | 17.8 |
| ABE/GED | 572 | 17.7 | 45 | 6.6 | 617 | 15.8 |
| ESL | 173 | 5.4 | 22 | 3.1 | 195 | 5.0 |
| Vocational training or post-secondary education | 993 | 30.8 | 611 | 88.8 | 1605 | 41.0 |
| Unpaid work experience | 78 | 2.4 | 0 | 0.0 | 78 | 2.0 |
| OJT assignment | 17 | 0.5 | 0 | 0.0 | 17 | 0.4 |
| Subtotal (operating costs) | 2847 | 88.1 | 689 | 100.0 | 3535 | 90.2 |
| Child care (b) | 225 | 7.0 | 0 | 0.0 | 225 | 5.7 |
| Other support services | 158 | 4.9 | 0 | 0.0 | 158 | 4.0 |
| Total | 3230 | 100.0 | 689 | 100.0 | 3918 | 100.0 |

(continued)

## TABLE 3.4 (continued)

| County and Component | Total GAIN Cost (County Welfare Department and Non-Welfare Agencies) Average per Experimental ($) (A) | Total GAIN Cost (County Welfare Department and Non-Welfare Agencies) Percentage Distribution (B) | Non-GAIN Cost (Non-Welfare Agencies) Average per Experimental ($) (C) | Non-GAIN Cost (Non-Welfare Agencies) Percentage Distribution (D) | Total Gross Cost ($) (GAIN and Non-GAIN) Average per Experimental (A+C) ($) (E) | Total Gross Cost ($) (GAIN and Non-GAIN) Percentage Distribution (F) |
|---|---|---|---|---|---|---|
| **Tulare** | | | | | | |
| Orientation, appraisal, and assessment | 383 | 10.3 | 0 | 0.0 | 383 | 9.1 |
| Job search activities | 480 | 12.9 | 3 | 0.7 | 484 | 11.5 |
| ABE/GED | 889 | 23.8 | 90 | 19.7 | 979 | 23.4 |
| ESL | 406 | 10.9 | 0 | 0.0 | 406 | 9.7 |
| Vocational training or post-secondary education | 1046 | 28.0 | 365 | 79.6 | 1411 | 33.7 |
| Unpaid work experience | 19 | 0.5 | 0 | 0.0 | 19 | 0.5 |
| OJT assignment | 6 | 0.1 | 0 | 0.0 | 6 | 0.1 |
| Subtotal (operating costs) | 3229 | 86.5 | 459 | 100.0 | 3687 | 88.0 |
| Child care | 152 | 4.1 | 0 | 0.0 | 152 | 3.6 |
| Other support services | 350 | 9.4 | 0 | 0.0 | 350 | 8.4 |
| Total | 3731 | 100.0 | 459 | 100.0 | 4189 | 100.0 |
| **All counties (c)** | | | | | | |
| Orientation, appraisal, and assessment | 488 | 11.1 | 0 | 0.0 | 488 | 10.0 |
| Job search activities | 726 | 16.4 | 6 | 1.3 | 732 | 15.0 |
| ABE/GED | 1022 | 23.1 | 45 | 9.4 | 1067 | 21.8 |
| ESL | 364 | 8.2 | 11 | 2.2 | 374 | 7.6 |
| Vocational training or post-secondary education | 1194 | 27.1 | 418 | 87.1 | 1612 | 32.9 |
| Unpaid work experience | 33 | 0.8 | 0 | 0.0 | 33 | 0.7 |
| OJT assignment | 5 | 0.1 | 0 | 0.0 | 5 | 0.1 |
| Subtotal (operating costs) | 3832 | 86.8 | 480 | 100.0 | 4312 | 88.1 |
| Child care | 225 | 5.1 | 0 | 0.0 | 225 | 4.6 |
| Other support services | 358 | 8.1 | 0 | 0.0 | 358 | 7.3 |
| Total | 4415 | 100.0 | 480 | 100.0 | 4895 | 100.0 |

SOURCE: See Table 3.1.

NOTES: The estimated unit cost of unpaid work experience per participant-month ranged from $80 in Alameda to $955 in Tulare, and the OJT unit cost, which was estimated on a cost per participant basis, ranged from $6 in Alameda to $1,852 in Tulare. However, these estimates are less reliable than those for the other activities owing to the very low use of unpaid work experience and OJT assignments. At the same time, the low use of these activities by experimentals and controls means that, even with very high unit cost estimates (as in Tulare), unpaid work experience and OJT assignments account for very little of the total gross cost per experimental and the total gross cost per control. The same estimates were assumed to apply to controls participating in similar activities.

Distributions may not sum to 100.0 percent because of rounding.

The automated support service expenditure data that were available for Alameda and Los Angeles were not processed by MDRC in a way that would permit an average cost per monthly payment to be estimated.

(a) This figure includes a very small amount of transitional child care provided by GAIN under the three-month rule that applied prior to April 1990.

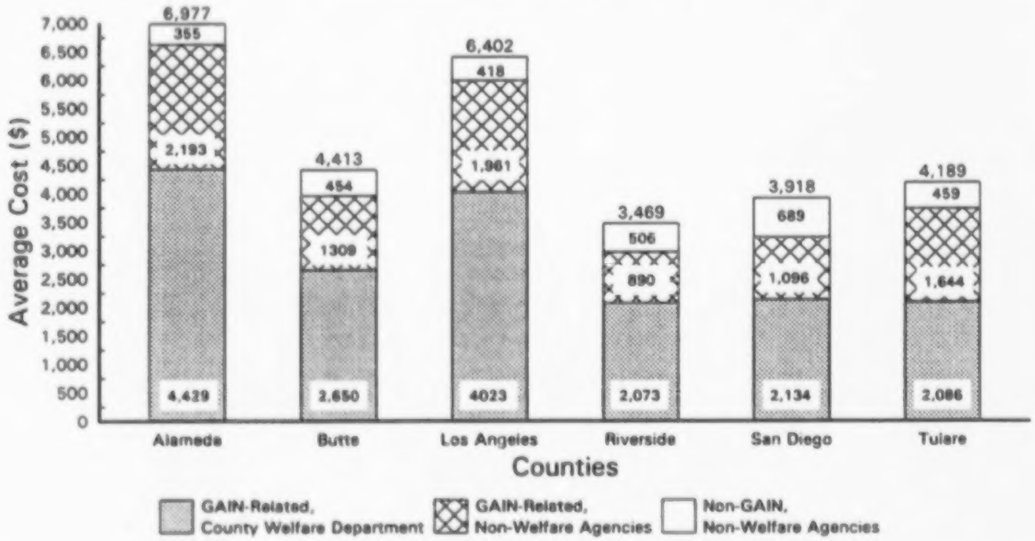
(b) In San Diego, a very small amount of unlicensed in-home child care expenditures was included in the average cost per experimental estimate but excluded from the estimated average cost per monthly payment and average cost per person who received the service, owing to data limitations.

(c) In the all-county averages, the results for each county are weighted equally.

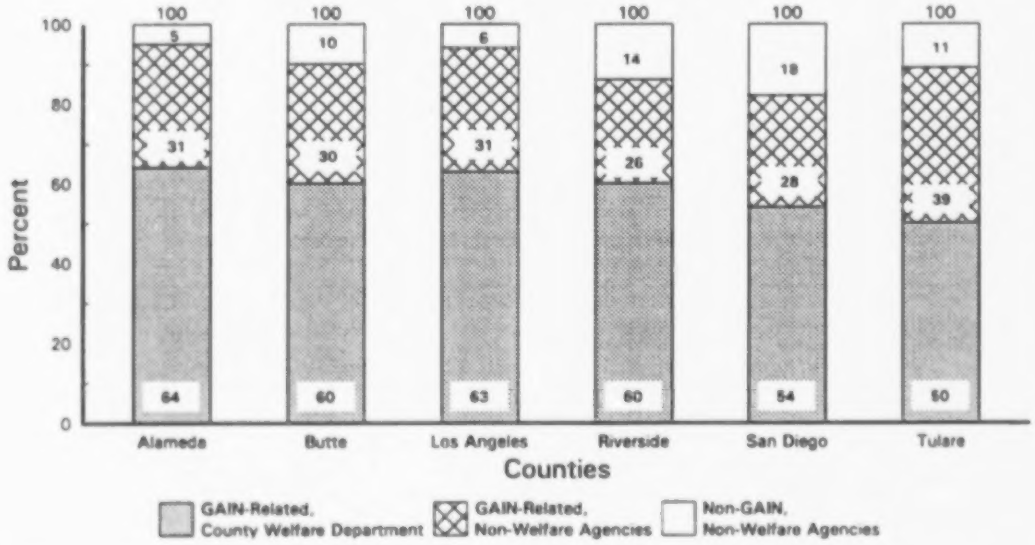
## FIGURE 3.3

## DISTRIBUTION OF ESTIMATED FIVE-YEAR TOTAL GROSS COST PER AFDC-FG EXPERIMENTAL, BY AGENCY

### A. Distribution of Estimated Total Gross Cost per Experimental, by Agency



### B. Percentage Distribution of Estimated Total Gross Cost per Experimental, by Agency



SOURCE AND NOTES: See Tables 3.1 and 3.4.

Butte, Riverside, San Diego, and Tulare than in Alameda and Los Angeles (5 to 6 percent), the two counties where participation in GAIN education and training activities lasted the longest.

## VI. Total Gross Cost per AFDC-FG Control (Figure 3.1, Box 7)

Members of the control group did not have access to GAIN services but were free to enroll in community-provided education and training programs on their own initiative. Therefore, the cost per control includes expenditures by non-welfare agencies for these types of activities (Figure 3.1, box 6).[30] The average cost of all such activities used by controls makes up the *total gross cost per control*. As previously mentioned, it is that cost that serves as the benchmark against which the total gross cost per experimental must be compared in order to determine the *net cost* per experimental – i.e., the *increment* in government dollars spent on employment-related activities per experimental, over and above what would have been spent on them in the absence of GAIN.

Chapter 2 showed that many controls did, indeed, use non-GAIN employment-related services (see Table 2.4) and that their participation was concentrated in vocational training and post-secondary education programs.[31] Because those activities were relatively expensive, the estimated total gross cost per control was substantial.[32] As shown in Table 3.5 (column B), it averaged $1,472 per control for the six counties combined (last panel), and only in Los Angeles was it less than $1,300. In the other five counties, the cost per control was quite consistent, varying at most by a few hundred dollars. Interestingly, vocational training or post-secondary education accounted for almost all of those costs.

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[30] No data were collected on the receipt of support services by members of the control group in the course of their participation in employment-related activities. (Similarly, no data were collected on the use of such services by experimentals while participating in non-GAIN education and training activities.) While control group costs may have been underestimated because of the absence of data on their receipt of support services, the amount of that underestimation would probably be small. Although some public subsidies are available, many education and training providers do not offer support service payments. In addition, any underestimate of child care costs is likely to have been contained by the fact that most sample members had children no younger than age 6.

[31] It should be noted that the costs incurred by the county welfare departments to process controls through orientation and random assignment were considered to be costs that were incurred only for research purposes and thus were not counted as part of the cost of employment-related services received by controls. Hence, a zero is included in the category of "orientation, appraisal, and assessment" in Table 3.5.

[32] Because the specific schools and agencies where controls took part in employment-related activities could not be determined in this analysis, unit costs for these activities were estimated in the following ways. For job search services, the cost of job search program operations (i.e., excluding case management) for the experimental group in each county was also used as the job search unit cost for controls. This seems reasonable, especially since, in some counties, GAIN job search was provided by the community agency (EDD) that provides job search services for Unemployment Insurance (UI) recipients, who could have included controls. The welfare departments' unit costs for PREP and OJT were taken as the unit costs for unpaid work experience and OJT assignments (which were infrequently used activities) for controls. Finally, for ABE/GED, ESL, and vocational training and post-secondary education, the same community college, adult school, and ROC/P expenditure data that were used for computing unit costs for experimentals were used for computing them for controls as well, but adjusted to reflect controls' relative frequency of using adult schools versus community colleges for basic education and for vocational training.

## TABLE 3.5

## FOR AFDC–FG REGISTRANTS: ESTIMATED TOTAL GROSS COST PER EXPERIMENTAL, TOTAL GROSS COST PER CONTROL, AND NET COST PER EXPERIMENTAL WITHIN FIVE YEARS AFTER ORIENTATION, BY SERVICE COMPONENT

| County and Component | Total Gross Cost per Experimental ($) (A) | Total Gross Cost per Control ($) (B) | Net Cost per Experimental (A–B) ($) (C) |
|---|---|---|---|
| **Alameda** | | | |
| Orientation, appraisal, and assessment | 515 | 0 | 515 |
| Job search activities | 1183 | 121 | 1062 |
| ABE/GED | 1699 | 80 | 1620 |
| ESL | 149 | 6 | 143 |
| Vocational training or post–secondary education | 2250 | 1172 | 1078 |
| Unpaid work experience | 25 | 1 | 24 |
| OJT assignment | 0 | 0 | –0 |
| Support services (a) | 1156 | 0 | 1156 |
| Total | 6977 | 1379 | 5597 |
| **Butte** | | | |
| Orientation, appraisal, and assessment | 627 | 0 | 627 |
| Job search activities | 570 | 53 | 517 |
| ABE/GED | 558 | 77 | 481 |
| ESL | 289 | 31 | 257 |
| Vocational training or post–secondary education | 1735 | 1332 | 403 |
| Unpaid work experience | 70 | 8 | 62 |
| OJT assignment | 5 | 7 | –2 |
| Support services | 559 | 0 | 559 |
| Total | 4413 | 1509 | 2904 |
| **Los Angeles** | | | |
| Orientation, appraisal, and assessment | 520 | 0 | 520 |
| Job search activities | 589 | 30 | 559 |
| ABE/GED | 2083 | 83 | 2000 |
| ESL | 1033 | 23 | 1010 |
| Vocational training or post–secondary education | 1450 | 477 | 974 |
| Unpaid work experience | 0 | 0 | 0 |
| OJT assignment | 0 | 0 | 0 |
| Support services | 727 | 0 | 727 |
| Total | 6402 | 613 | 5789 |
| **Riverside** | | | |
| Orientation, appraisal, and assessment | 560 | 0 | 560 |
| Job search activities | 868 | 21 | 848 |
| ABE/GED | 464 | 87 | 378 |
| ESL | 174 | 13 | 161 |
| Vocational training or post–secondary education | 1223 | 1744 | –520 |
| Unpaid work experience | 9 | 5 | 4 |
| OJT assignment | 3 | 3 | 0 |
| Support services | 168 | 0 | 168 |
| Total | 3469 | 1871 | 1597 |

(continued)

## TABLE 3.5 (continued)

| County and Component | Total Gross Cost per Experimental ($) (A) | Total Gross Cost per Control ($) (B) | Net Cost per Experimental (A−B) ($) (C) |
|---|---|---|---|
| **San Diego** | | | |
| Orientation, appraisal, and assessment | 326 | 0 | 326 |
| Job search activities | 698 | 76 | 622 |
| ABE/GED | 617 | 99 | 518 |
| ESL | 195 | 30 | 165 |
| Vocational training or post-secondary education | 1605 | 1792 | −188 |
| Unpaid work experience | 78 | 5 | 72 |
| OJT assignment | 17 | 4 | 14 |
| Support services (b) | 383 | 0 | 383 |
| Total | 3918 | 2007 | 1912 |
| **Tulare** | | | |
| Orientation, appraisal, and assessment | 383 | 0 | 383 |
| Job search activities | 484 | 10 | 474 |
| ABE/GED | 979 | 62 | 917 |
| ESL | 406 | 69 | 337 |
| Vocational training or post-secondary education | 1411 | 1233 | 178 |
| Unpaid work experience | 19 | 61 | −42 |
| OJT assignment | 6 | 20 | −15 |
| Support services | 502 | 0 | 502 |
| Total | 4189 | 1455 | 2734 |
| **All counties (c)** | | | |
| Orientation, appraisal, and assessment | 488 | 0 | 488 |
| Job search activities | 732 | 52 | 680 |
| ABE/GED | 1067 | 81 | 985 |
| ESL | 374 | 29 | 345 |
| Vocational training or post-secondary education | 1612 | 1292 | 321 |
| Unpaid work experience | 33 | 13 | 20 |
| OJT assignment | 5 | 6 | −1 |
| Support services | 583 | 0 | 583 |
| Total | 4895 | 1472 | 3422 |

SOURCE: See Table 3.1.

NOTES: The estimated unit cost of unpaid work experience per participant−month ranged from $80 in Alameda to $955 in Tulare, and the OJT unit cost, which was estimated on a cost per participant basis, ranged from $6 in Alameda to $1,852 in Tulare. However, these estimates are less reliable than those for the other activities owing to the very low use of unpaid work experience and OJT assignments. At the same time, the low use of these activities by experimentals and controls means that, even with very high unit cost estimates (as in Tulare), unpaid work experience and OJT assignments account for very little of the total gross cost per experimental and the total gross cost per control. The same estimates were assumed to apply to controls participating in similar activities.

Data on controls' use of support services were not collected. Although those costs are almost certain to be lower than the cost of GAIN support services for experimentals, they are probably not zero (as was assumed for this evaluation). Similarly, data on experimentals' receipt of non−GAIN support services while participating in non−GAIN activities (after leaving GAIN) were not collected and are probably not zero.

The automated support service expenditure data that were available for Alameda and Los Angeles were not processed by MDRC in a way that would permit an average cost per monthly payment to be estimated.

Rounding may cause slight discrepancies in calculating sums, averages, and differences.

(a) This figure includes a very small amount of transitional child care provided by GAIN under the three−month rule that applied prior to April 1990.

(b) In San Diego, a very small amount of unlicensed in−home child care expenditures was included in the average cost per experimental estimate but excluded from the estimated average cost per monthly payment and average cost per person who received the service, owing to data limitations.

(c) In the all−county averages, the results for each county are weighted equally.

## VII. Net Cost per AFDC-FG Experimental (Figure 3.1, Box 5 Minus Box 7)

Each county's net cost was calculated by subtracting the total gross cost per control from the total gross cost per experimental (or column B from column A in Table 3.5). These results, by type of activity and overall, are presented in column C of Table 3.5. As the last panel of that table shows, the estimated net cost per AFDC-FG experimental for all six counties was $3,422 (i.e., $4,895 minus $1,472). (Rounding accounts for the numbers not adding up exactly.) As was found for total GAIN costs, Alameda and Los Angeles had the highest net cost per experimental – $5,597 and $5,789, respectively. Of the other four counties, Riverside had the lowest net cost ($1,597), followed closely by San Diego ($1,912), and then by Butte ($2,904) and Tulare ($2,734).

Figure 3.4 presents these net cost estimates graphically by comparing the total gross cost per experimental and per control in each county using side-by-side bars for the two groups. It also distinguishes GAIN from non-GAIN costs for the experimental group and thereby helps to illustrate several important conclusions about the county variation in net costs. First, it can be seen from the small size of the shaded segment of each county's bar for experimentals that non-GAIN costs varied little across the six counties and, consequently, explain little of the variation in net costs. Rather, most of the variation in net costs was due to county differences in the total cost of GAIN per experimental (the white segment of the bar for experimentals) and the total gross cost per control. As previously noted, net costs were largest where GAIN costs were highest – in Los Angeles and Alameda. Also contributing to Los Angeles's high net cost was the relatively low cost per control in that county. Among the other counties, control group costs did vary by several hundred dollars, and so had some effect on the differences in net costs across those counties as well. Overall, net costs were lower to the extent that a lower GAIN cost per experimental was combined with a relatively high control group cost, as in Riverside and San Diego to a greater extent than in the other counties.

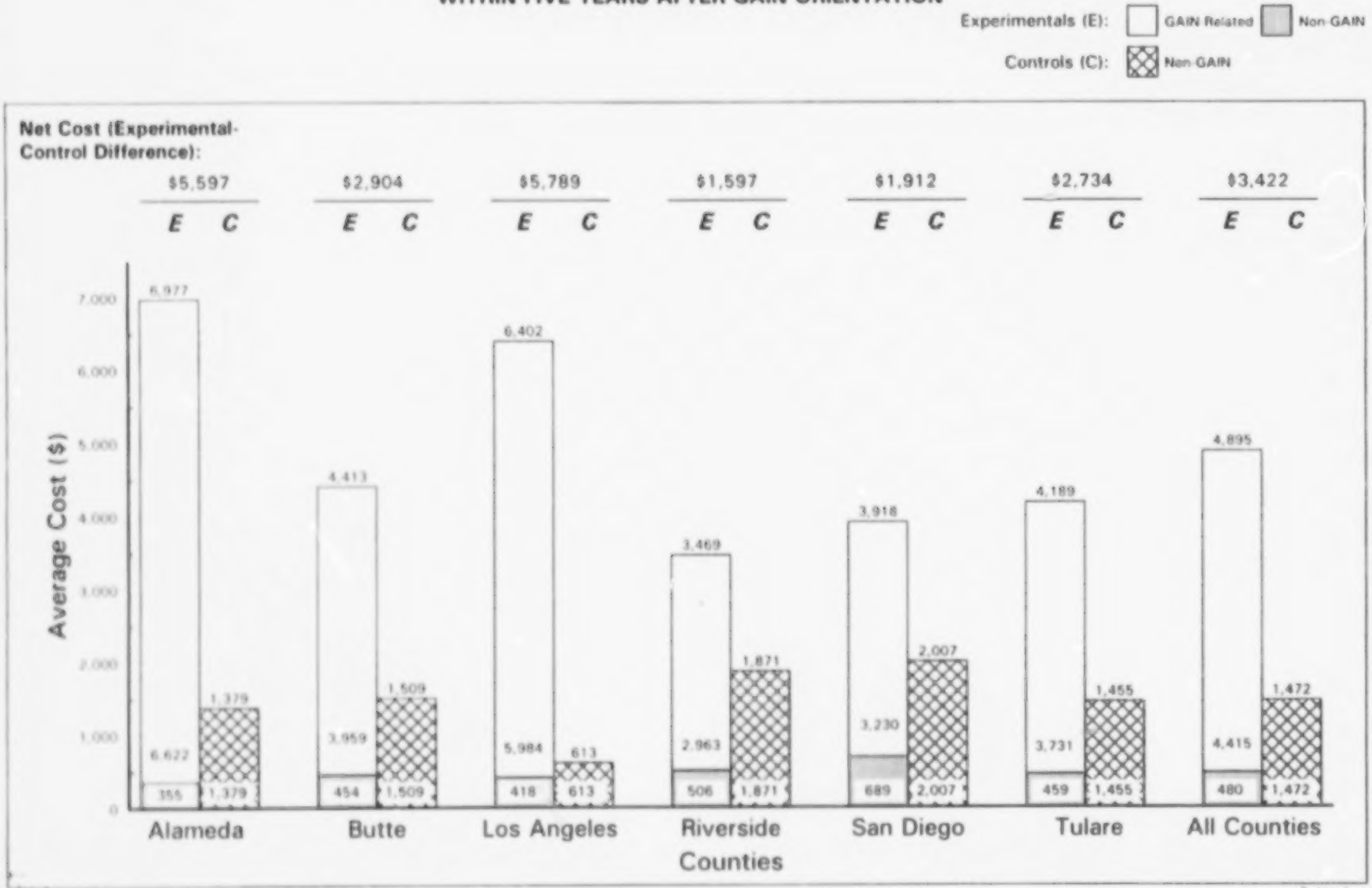
Figure 3.5 presents a summary of the net cost estimate for each county, and shows the contribution of four broad categories of expenditures: (1) orientation, appraisal, and assessment, (2) job search, (3) all basic education (ABE/GED and ESL) and other post-secondary and vocational education and training (along with the very small amount of net costs for work experience and OJT costs), and (4) support services. The graph helps to illustrate that in Alameda and Los Angeles, the incremental investment of government dollars (i.e., the net cost) per experimental was allocated to education and training activities to a greater extent than in the other counties. At the opposite end of the spectrum, the graph illustrates that in Riverside there was almost no net government expenditure on education and training activities. In fact, Riverside produced a net increase in the use of basic education activities, but a reduction in expenditures for vocational training or post-secondary education (compared to what would have happened in the absence of GAIN, as measured by the control group's experience).

## VIII. Summary of Cost Estimates for AFDC-FG Registrants Determined Not to Need or to Need Basic Education

Table 3.6 summarizes the cost findings for the AFDC-FG basic education subgroups. In most counties (all except Alameda and Butte), the net cost per experimental was higher for the subgroup determined to need basic education than for the subgroup determined not to need it. This difference was driven, of course, primarily by the experimental-control differences in the average number of

## FIGURE 3.4

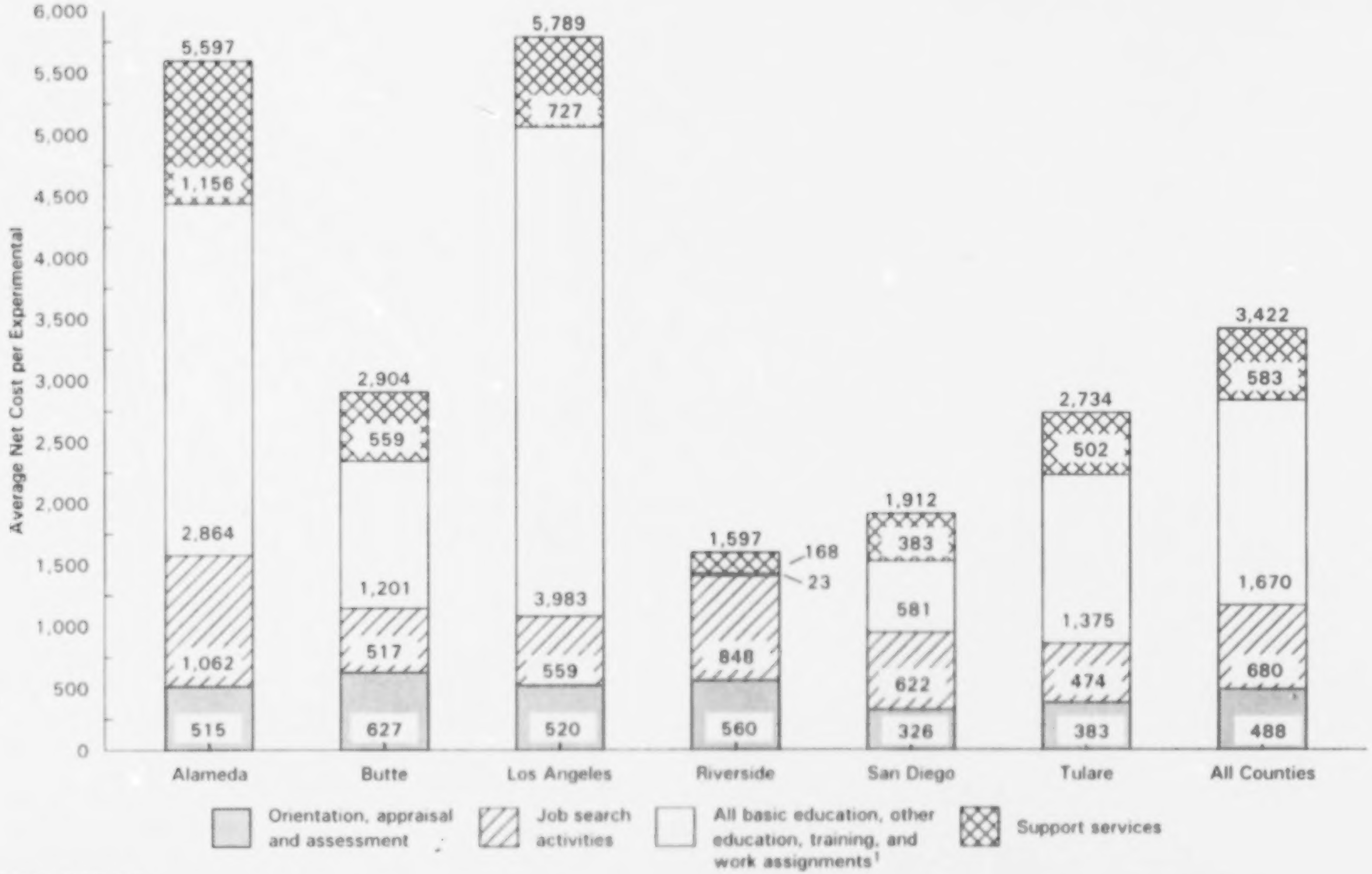
## ESTIMATED TOTAL GROSS COST PER EXPERIMENTAL, TOTAL GROSS COST PER CONTROL, AND NET COST PER EXPERIMENTAL FOR AFDC-FG REGISTRANTS WITHIN FIVE YEARS AFTER GAIN ORIENTATION



SOURCE AND NOTES: See Tables 3.4 and 3.5.

## FIGURE 3.5

## AVERAGE FIVE-YEAR NET COST OF GAIN AND NON-GAIN EMPLOYMENT-RELATED SERVICES PER AFDC-FG EXPERIMENTAL, BY SERVICE COMPONENT



**SOURCE:** Table 3.5.

**NOTE:** [1] Work assignments include unpaid work experience and OJT. These activities contributed very little to the overall net cost estimates.

## TABLE 3.6

## SUMMARY OF COST ESTIMATES FOR AFDC-FG EXPERIMENTALS AND CONTROLS BY BASIC EDUCATION SUBGROUP, WITHIN FIVE YEARS AFTER ORIENTATION (IN 1993 DOLLARS)

| | Total GAIN Cost | | Non-GAIN Cost | Total Gross Cost per Experimental (A+B+C) | Total Gross Cost per Control | Net Cost (D-E) |
|---|---|---|---|---|---|---|
| | Operating Cost (a) | Support Services | | | | |
| Subgroup and County | Average per Experimental ($) (A) | Average per Experimental ($) (B) | Average per Experimental ($) (C) | Average per Experimental ($) (D) | Average per Control ($) (E) | Average per Experimental ($) (F) |
| **AFDC-FG registrants determined not to need basic education** | | | | | | |
| Alameda (b) | 6700 | 1494 | 649 | 8844 | 1682 | 7161 |
| Butte | 3747 | 739 | 631 | 5116 | 2071 | 3046 |
| Los Angeles | 2843 | 491 | 509 | 3843 | 1318 | 2525 |
| Riverside | 3100 | 194 | 723 | 4017 | 2953 | 1065 |
| San Diego (c) | 2519 | 398 | 917 | 3834 | 2949 | 886 |
| Tulare | 3482 | 819 | 718 | 5019 | 2754 | 2265 |
| All counties (d) | 3732 | 689 | 691 | 5112 | 2288 | 2825 |
| **AFDC-FG registrants determined to need basic education** | | | | | | |
| Alameda (b) | 4891 | 1083 | 220 | 6194 | 1176 | 5018 |
| Butte | 3058 | 401 | 264 | 3723 | 911 | 2812 |
| Los Angeles | 5682 | 787 | 389 | 6858 | 470 | 6388 |
| Riverside | 2592 | 149 | 361 | 3102 | 1133 | 1969 |
| San Diego (c) | 3129 | 347 | 508 | 3984 | 1259 | 2726 |
| Tulare | 3094 | 318 | 301 | 3713 | 738 | 2975 |
| All counties (d) | 3741 | 514 | 341 | 4596 | 948 | 3648 |

SOURCE: See Table 3.1.

NOTES: The estimated unit cost of unpaid work experience per participant-month ranged from $80 in Alameda to $955 in Tulare, and the OJT unit cost, which was estimated on a cost per participant basis, ranged from $6 in Alameda to $1,852 in Tulare. However, these estimates are less reliable than those for the other activities owing to the very low use of unpaid work experience and OJT assignments. At the same time, the low use of these activities by experimentals and controls means that, even with very high unit cost estimates (as in Tulare), unpaid work experience and OJT assignments account for very little of the total gross cost per experimental and the total gross cost per control. The same estimates were assumed to apply to controls participating in similar activities.

The automated support service expenditure data that were available for Alameda and Los Angeles were not processed by MDRC in a way that would permit an average cost per monthly payment to be estimated.

(a) These figures include county welfare department and non-welfare agency operating expenditures.

(b) Support services costs for Alameda experimentals include a very small amount of transitional child care provided by GAIN under the three-month rule that applied prior to April 1990.

(c) In San Diego, a very small amount of unlicensed in-home child care expenditures was included in the average support services cost per experimental estimate but was excluded from the estimated average cost per monthly payment and average cost per person who received the service, owing to data limitations.

(d) In the all-county averages, the results for each county are weighted equally. It should be noted that the all-county results for the two basic education subgroups, which make up varying proportions of each county's full sample, will not necessarily bracket the all-county results for the full sample for each category of costs when subgroup results for each county are equally weighted.

months spent participating in ABE/GED and ESL courses, and in job search activities. In Alameda, however, the net cost ($7,161) was more than $2,000 higher per experimental determined not to need basic education – and much higher than the net cost of serving that subgroup in any other county. The reason for that unusually high cost can be traced largely to Alameda's substantial impact on the rate and average duration of participation in GAIN vocational training and post-secondary education, in conjunction with its substantial impact on participation in job search activities. Among the other counties, Riverside and San Diego had the lowest net cost per experimental for those determined not to need basic education. These two counties had net costs that were at least $1,000 lower than the next lowest county (Tulare).

## IX. Summary of Cost Estimates for AFDC-U Registrants

Gross and net costs were also estimated for AFDC-U registrants. Table 3.7 presents the findings on the total cost of GAIN per AFDC-U experimental (which can be compared with Table 3.2 for AFDC-FGs). Table 3.8 presents the total gross cost per experimental, the total gross cost per control,[33] and the net cost per experimental (which can be compared to Table 3.5 for AFDC-FGs). Costs were not estimated for AFDC-Us in Alameda owing to the small size of the AFDC-U sample in that county. Across the other counties, the net cost per experimental ranged from $2,050 in San Diego to $4,449 in Los Angeles. In each county, with the exception of Los Angeles, the net cost per AFDC-U experimental was quite similar to the net cost per AFDC-FG experimental, with the difference being less than $600. In Los Angeles, the net cost per AFDC-U was $1,340 less than the net cost per AFDC-FG largely because of the much lower gross and net costs of ABE/GED instruction per AFDC-U compared to the corresponding costs for AFDC-FGs.

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[33] As is true for AFDC-FGs, the total cost of GAIN per experimental accounted for most of the total gross cost per experimental: about 92 percent for the AFDC-U sample across the five counties combined. This can be seen by dividing the last entry in column E of Table 3.7 by the last entry in column A of Table 3.8.

## TABLE 3.7

## ESTIMATED GAIN COST PER AFDC-U EXPERIMENTAL WITHIN FIVE YEARS AFTER ORIENTATION, BY SERVICE COMPONENT AND AGENCY

| | County Welfare Department GAIN Cost | | Non-Welfare Agencies' GAIN Cost | | Total GAIN Cost | |
|---|---|---|---|---|---|---|
| County and Component | Average per Experimental ($) (A) | Percentage Distribution (B) | Average per Experimental ($) (C) | Percentage Distribution (D) | Average per Experimental (A+C) ($) (E) | Percentage Distribution (F) |
| **Butte** | | | | | | |
| Orientation, appraisal, and assessment | 627 | 25.9 | 0 | 0.0 | 627 | 17.0 |
| Job search activities | 607 | 25.1 | 0 | 0.0 | 607 | 16.4 |
| ABE/GED | 219 | 9.1 | 345 | 26.9 | 564 | 15.3 |
| ESL | 226 | 9.3 | 293 | 22.8 | 518 | 14.0 |
| Vocational training or post-secondary education | 373 | 15.4 | 644 | 50.2 | 1017 | 27.5 |
| Unpaid work experience | 88 | 3.6 | 0 | 0.0 | 88 | 2.4 |
| OJT assignment | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Subtotal (operating costs) | 2139 | 88.5 | 1282 | 100.0 | 3421 | 92.5 |
| Child care | 63 | 2.6 | 0 | 0.0 | 63 | 1.7 |
| Other support services | 215 | 8.9 | 0 | 0.0 | 215 | 5.8 |
| Total | 2417 | 100.0 | 1282 | 100.0 | 3699 | 100.0 |
| **Los Angeles** | | | | | | |
| Orientation, appraisal, and assessment | 520 | 16.9 | 0 | 0.0 | 520 | 11.4 |
| Job search activities | 511 | 16.6 | 0 | 0.0 | 511 | 11.3 |
| ABE/GED | 397 | 12.9 | 266 | 18.1 | 664 | 14.6 |
| ESL | 1085 | 35.3 | 703 | 47.9 | 1789 | 39.4 |
| Vocational training or post-secondary education | 196 | 6.4 | 498 | 33.9 | 694 | 15.3 |
| Unpaid work experience | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| OJT assignment | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Subtotal | 2709 | 88.2 | 1468 | 100.0 | 4177 | 92.0 |
| Child care | 48 | 1.6 | 0 | 0.0 | 48 | 1.1 |
| Other support services | 316 | 10.3 | 0 | 0.0 | 316 | 7.0 |
| Total | 3073 | 100.0 | 1468 | 100.0 | 4541 | 100.0 |

(continued)

## TABLE 3.7 (continued)

| | County Welfare Department GAIN Cost | | Non–Welfare Agencies' GAIN Cost | | Total GAIN Cost | |
|---|---|---|---|---|---|---|
| County and Component | Average per Experimental ($) (A) | Percentage Distribution (B) | Average per Experimental ($) (C) | Percentage Distribution (D) | Average per Experimental (A+C) ($) (E) | Percentage Distribution (F) |
| **Riverside** | | | | | | |
| Orientation, appraisal, and assessment | 560 | 25.3 | 0 | 0.0 | 560 | 19.7 |
| Job search activities | 1062 | 48.0 | 0 | 0.0 | 1062 | 37.3 |
| ABE/GED | 153 | 6.9 | 171 | 26.8 | 323 | 11.3 |
| ESL | 165 | 7.5 | 173 | 27.2 | 338 | 11.9 |
| Vocational training or post–secondary education | 98 | 4.4 | 292 | 46.0 | 390 | 13.7 |
| Unpaid work experience | 19 | 0.9 | 0 | 0.0 | 19 | 0.7 |
| OJT assignment | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Subtotal | 2057 | 92.9 | 636 | 100.0 | 2692 | 94.5 |
| Child care | 13 | 0.6 | 0 | 0.0 | 13 | 0.5 |
| Other support services | 144 | 6.5 | 0 | 0.0 | 144 | 5.1 |
| Total | 2214 | 100.0 | 636 | 100.0 | 2849 | 100.0 |
| **San Diego** | | | | | | |
| Orientation, appraisal, and assessment | 326 | 16.9 | 0 | 0.0 | 326 | 11.9 |
| Job search activities | 580 | 30.1 | 0 | 0.0 | 580 | 21.2 |
| ABE/GED | 367 | 19.1 | 297 | 36.9 | 664 | 24.3 |
| ESL | 197 | 10.2 | 125 | 15.5 | 322 | 11.8 |
| Vocational training or post–secondary education | 108 | 5.6 | 384 | 47.6 | 492 | 18.0 |
| Unpaid work experience | 94 | 4.9 | 0 | 0.0 | 94 | 3.5 |
| OJT assignment | 4 | 0.2 | 0 | 0.0 | 4 | 0.2 |
| Subtotal | 1676 | 87.1 | 806 | 100.0 | 2482 | 90.9 |
| Child care (a) | 97 | 5.0 | 0 | 0.0 | 97 | 3.6 |
| Other support services | 151 | 7.8 | 0 | 0.0 | 151 | 5.5 |
| Total | 1924 | 100.0 | 806 | 100.0 | 2730 | 100.0 |
| **Tulare** | | | | | | |
| Orientation, appraisal, and assessment | 383 | 20.4 | 0 | 0.0 | 383 | 10.9 |
| Job search activities | 427 | 22.8 | 0 | 0.0 | 427 | 12.2 |
| ABE/GED | 321 | 17.1 | 500 | 30.5 | 821 | 23.4 |
| ESL | 238 | 12.7 | 477 | 29.1 | 715 | 20.4 |
| Vocational training or post–secondary education | 166 | 8.9 | 665 | 40.5 | 831 | 23.7 |
| Unpaid work experience | 19 | 1.0 | 0 | 0.0 | 19 | 0.5 |
| OJT assignment | 4 | 0.2 | 0 | 0.0 | 4 | 0.1 |
| Subtotal | 1558 | 83.2 | 1642 | 100.0 | 3200 | 91.1 |
| Child care | 37 | 2.0 | 0 | 0.0 | 37 | 1.1 |
| Other support services | 277 | 14.8 | 0 | 0.0 | 277 | 7.9 |
| Total | 1872 | 100.0 | 1642 | 100.0 | 3514 | 100.0 |

(continued)

## TABLE 3.7 (continued)

| County and Component | County Welfare Department GAIN Cost: Average per Experimental ($) (A) | County Welfare Department GAIN Cost: Percentage Distribution (B) | Non-Welfare Agencies' GAIN Cost: Average per Experimental ($) (C) | Non-Welfare Agencies' GAIN Cost: Percentage Distribution (D) | Total GAIN Cost: Average per Experimental (A+C) ($) (E) | Total GAIN Cost: Percentage Distribution (F) |
|---|---|---|---|---|---|---|
| **All counties (b)** | | | | | | |
| Orientation, appraisal, and assessment | 483 | 21.0 | 0 | 0.0 | 483 | 13.9 |
| Job search activities | 637 | 27.7 | 0 | 0.0 | 637 | 18.4 |
| ABE/GED | 291 | 12.7 | 316 | 27.1 | 607 | 17.5 |
| ESL | 382 | 16.6 | 354 | 30.4 | 736 | 21.2 |
| Vocational training or post-secondary education | 188 | 8.2 | 497 | 42.6 | 685 | 19.8 |
| Unpaid work experience | 44 | 1.9 | 0 | 0.0 | 44 | 1.3 |
| OJT assignment | 2 | 0.1 | 0 | 0.0 | 2 | 0.0 |
| Subtotal | 2028 | 88.2 | 1167 | 100.0 | 3194 | 92.1 |
| Child care | 52 | 2.2 | 0 | 0.0 | 52 | 1.5 |
| Other support services | 221 | 9.6 | 0 | 0.0 | 221 | 6.4 |
| Total | 2300 | 100.0 | 1167 | 100.0 | 3467 | 100.0 |

SOURCE: See Table 3.1.

NOTES: The estimated unit cost of unpaid work experience per participant-month ranged from $80 in Alameda to $955 in Tulare, and the OJT unit cost, which was estimated on a cost per participant basis, ranged from $6 in Alameda to $1,852 in Tulare. However, these estimates are less reliable than those for the other activities owing to the very low use of unpaid work experience and OJT assignments. At the same time, the low use of these activities by experimentals and controls means that, even with very high unit cost estimates (as in Tulare), unpaid work experience and OJT assignments account for very little of the total gross cost per experimental and the total gross cost per control. The same estimates were assumed to apply to controls participating in similar activities.

Distributions may not sum to 100.0 percent because of rounding.

The automated support service expenditure data that were available for Los Angeles were not processed by MDRC in a way that would permit an average cost per monthly payment to be estimated.

The AFDC-U cost analysis does not include Alameda because of the small number of people in that county's AFDC-U sample.

(a) In San Diego, a very small amount of unlicensed in-home child care expenditures was included in the average cost per experimental estimate but excluded from the estimated average cost per monthly payment and average cost per person who received the service, owing to data limitations.

(b) In the all-county averages, the results for each county are weighted equally.

## TABLE 3.8

## FOR AFDC–U REGISTRANTS: ESTIMATED TOTAL GROSS COST PER EXPERIMENTAL, TOTAL GROSS COST PER CONTROL, AND NET COST PER EXPERIMENTAL WITHIN FIVE YEARS AFTER ORIENTATION, BY SERVICE COMPONENT

| County and Component | Total Gross Cost per Experimental ($) (A) | Total Gross Cost per Control ($) (B) | Net Cost per Experimental (A–B) ($) (C) |
|---|---|---|---|
| **Butte** | | | |
| Orientation, appraisal, and assessment | 627 | 0 | 627 |
| Job search activities | 612 | 48 | 564 |
| ABE/GED | 598 | 73 | 525 |
| ESL | 529 | 115 | 414 |
| Vocational training or post–secondary education | 1312 | 562 | 750 |
| Unpaid work experience | 88 | 9 | 79 |
| OJT assignment | 0 | 9 | –9 |
| Support services | 278 | 0 | 278 |
| Total | 4043 | 816 | 3227 |
| **Los Angeles** | | | |
| Orientation, appraisal, and assessment | 520 | 0 | 520 |
| Job search activities | 511 | 12 | 499 |
| ABE/GED | 668 | 23 | 645 |
| ESL | 1823 | 49 | 1774 |
| Vocational training or post–secondary education | 899 | 252 | 647 |
| Unpaid work experience | 0 | 0 | 0 |
| OJT assignment | 0 | 0 | 0 |
| Support services | 364 | 0 | 364 |
| Total | 4785 | 336 | 4449 |
| **Riverside** | | | |
| Orientation, appraisal, and assessment | 560 | 0 | 560 |
| Job search activities | 1076 | 25 | 1051 |
| ABE/GED | 345 | 56 | 289 |
| ESL | 377 | 35 | 342 |
| Vocational training or post–secondary education | 612 | 872 | –260 |
| Unpaid work experience | 19 | 5 | 14 |
| OJT assignment | 0 | 3 | –3 |
| Support services | 157 | 0 | 157 |
| Total | 3146 | 996 | 2150 |
| **San Diego** | | | |
| Orientation, appraisal, and assessment | 326 | 0 | 326 |
| Job search activities | 587 | 57 | 530 |
| ABE/GED | 716 | 114 | 602 |
| ESL | 367 | 67 | 300 |
| Vocational training or post–secondary education | 768 | 810 | –42 |
| Unpaid work experience | 94 | 7 | 87 |
| OJT assignment | 4 | 5 | –0 |
| Support services (a) | 248 | 0 | 248 |
| Total | 3110 | 1060 | 2050 |

(continued)

### TABLE 3.8 (continued)

| County and Component | Total Gross Cost per Experimental ($) (A) | Total Gross Cost per Control ($) (B) | Net Cost per Experimental (A−B) ($) (C) |
|---|---|---|---|
| **Tulare** | | | |
| Orientation, appraisal, and assessment | 383 | 0 | 383 |
| Job search activities | 430 | 10 | 421 |
| ABE/GED | 901 | 56 | 844 |
| ESL | 715 | 144 | 571 |
| Vocational training or post-secondary education | 1093 | 888 | 206 |
| Unpaid work experience | 19 | 38 | −19 |
| OJT assignment | 4 | 13 | −9 |
| Support services | 314 | 0 | 314 |
| Total | 3859 | 1148 | 2710 |
| **All counties (b)** | | | |
| Orientation, appraisal, and assessment | 483 | 0 | 483 |
| Job search activities | 643 | 30 | 613 |
| ABE/GED | 645 | 65 | 581 |
| ESL | 762 | 82 | 680 |
| Vocational training or post-secondary education | 937 | 677 | 260 |
| Unpaid work experience | 44 | 12 | 32 |
| OJT assignment | 2 | 6 | −4 |
| Support services | 272 | 0 | 272 |
| Total | 3789 | 871 | 2917 |

SOURCE: See Table 3.1.

NOTES: The estimated unit cost of unpaid work experience per participant−month ranged from $80 in Alameda to $955 in Tulare, and the OJT unit cost, which was estimated on a cost per participant basis, ranged from $6 in Alameda to $1,852 in Tulare. However, these estimates are less reliable than those for the other activities owing to the very low use of unpaid work experience and OJT assignments. At the same time, the low use of these activities by experimentals and controls means that, even with very high unit cost estimates (as in Tulare), unpaid work experience and OJT assignments account for very little of the total gross cost per experimental and the total gross cost per control. The same estimates were assumed to apply to controls participating in similar activities.

Data on controls' use of support services were not collected. Although those costs are almost certain to be lower than the cost of GAIN support services for experimentals, they are probably not zero (as was assumed for this evaluation). Similarly, data on experimentals' receipt of non−GAIN support services while participating in non−GAIN activities (after leaving GAIN) were not collected and are probably not zero.

The automated support service expenditure data that were available for Alameda and Los Angeles were not processed by MDRC in a way that would permit an average cost per monthly payment to be estimated.

The AFDC−U cost analysis does not include Alameda because of the small number of people in that county's AFDC−U sample.

(a) In San Diego, a very small amount of unlicensed in−home child care expenditures was included in the average cost per experimental estimate but excluded from the estimated average cost per monthly payment and average cost per person who received the service, owing to data limitations.

(b) In the all−county averages, the results for each county are weighted equally.

# CHAPTER 4

# THREE-YEAR IMPACTS FOR SINGLE-PARENT (AFDC-FG) REGISTRANTS

The next three chapters present the effects, or impacts, of GAIN on employment and earnings, AFDC receipt and payments, Food Stamp receipt and payments, and various measures of job quality, family well-being, and other outcomes. Chapter 4 presents impacts for AFDC-FGs based on Unemployment Insurance (UI) records, AFDC payment records, and Food Stamp records. The research sample consists of AFDC-FG case heads who were classified as mandatory under pre-JOBS rules (i.e., with some exceptions, did not have a child under age 6).[1] The analysis covers the first three years after each registrant attended a GAIN orientation. It includes summary measures for the entire three-year follow-up period; separate estimates for years 1, 2, and 3; and quarter-by-quarter estimates. Results are presented for the full sample, individual counties, and selected subgroups. Additional results are shown in Appendix D. Quarter-by-quarter impact estimates through the end of year 3 and through later quarters for early cohorts of program registrants are provided to indicate how large the impacts of GAIN are likely to be in future years. The final section of the chapter presents three-year impacts for AFDC-FGs who were newly mandatory under JOBS (i.e., had a child under age 6). This analysis was based on a supplementary research sample, as described in Chapter 1. Chapter 5 analyzes outcomes based on survey data for AFDC-FGs. Chapter 6 gives impacts for AFDC-Us based on UI, AFDC, and Food Stamp records.

## I. A Summary of the Findings on Earnings and Welfare Savings for AFDC-FGs

GAIN's impacts on the earnings of AFDC-FGs continued to grow in the third year of follow-up. Averaged across the six counties, with each county given equal weight, the earnings impact was $266 per experimental during year 1.[2] The impact nearly doubled, to $512, the following year, and then grew to $636 in year 3, for a three-year total of $1,414 per experimental group member.[3] Average welfare savings leveled off in year 3. After having grown from $283 to $347 between years 1 and 2, they were $331 in year 3, for a three-year total of $961 per experimental. The magnitude of GAIN's earnings impacts compares favorably with the three-year results for a group of previously studied demonstration programs, and the AFDC impacts compare very favorably.[4] All of these GAIN impacts were statistically significant.[5]

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[1] In Alameda, as discussed in Chapter 1, a substantial number of sample members had a child under age 6. Many of these may not have been mandatory under the pre-JOBS rules but were mandatory under JOBS. However, the data available in this study do not classify people into these two categories with sufficient accuracy to allow the analysis to remove them from the research sample without removing pre-JOBS mandatories who had a child under age 6. Prior to JOBS, AFDC-FGs with a child under age 6 could be classified as mandatory under certain circumstances, and a small proportion of the samples in each county did have pre-schoolage children.

[2] Impact estimates for years 1 and 2 may differ slightly from those presented in the two-year (1993) impact report owing to updating of some earnings and AFDC records data.

[3] Throughout the impact analysis, rounding may cause slight discrepancies in calculating sums and differences.

Earnings impacts grew in four of the six counties from year 2 to year 3. The largest impacts were in Riverside: $3,113 per experimental ($920 in year 1, $1,183 in year 2, and $1,010 in year 3), or 49 percent above the control group average. This dollar figure is about twice the size of the largest three-year impact previously estimated in an experimental evaluation of a broadly targeted welfare-to-work program. One reason the three-year earnings impact in Riverside was so large is that the experimental-control difference persisted through year 3 of follow-up. Another reason is that earnings gains in Riverside were produced consistently across subgroups. Alameda, Butte, and San Diego had middle-level three-year earnings impacts: $1,474 to $1,772 per experimental, or 21 to 30 percent above the control group average. Also of note was the $513 increase from year 2 to year 3 in the earnings impact for Tulare, where positive and statistically significant effects were observed for the first time. This result may have been a delayed effect of the heavy emphasis on GED preparation in Tulare. The part of the sample that had been deemed to need basic education showed an earnings impact of nearly $700 in Tulare in year 3, an amount that is in the middle range for year 3 for the in-need-of-basic-education group across counties. Finally, in Los Angeles, earnings impacts continued to grow slightly more positive over time – from a small loss in year 1 to small gains in years 2 and 3 – but for the entire three-year period they remained small and not statistically significant.

The pattern of welfare savings was somewhat different. As was true of earlier results, the largest three-year impacts were in Riverside: a $1,983 reduction in AFDC payments (15 percent of the control group average payment), split about equally among the three years. These dollar savings were greater than the largest three-year AFDC impacts previously found in MDRC's experimental evaluations of broadly targeted welfare-to-work programs. Alameda, Butte, Los Angeles, and San Diego form a middle tier, with total AFDC savings over the three years ranging from $782 to $1,136, or 4 to 8 percent of the control group average. Welfare savings grew larger in year 3 in Alameda, but declined somewhat in Butte, Los Angeles, and San Diego. Small welfare savings were found for the first time in Tulare in year 3, but these were not statistically significant.

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[4] Evaluations of five welfare-to-work demonstration programs that, like GAIN, aimed for broad coverage of the eligible caseload all showed increased earnings impacts from year 1 to year 2, and two showed further increases in earnings impacts for year 3. Three of the five programs showed increased welfare savings from year 1 to year 2, and two showed increases from year 2 to year 3. Earnings impacts tended to peak in year 3, while welfare savings tended to peak in year 2. For a summary of these earlier results, see Friedlander and Burtless (forthcoming) and Gueron and Pauly (1991). Section III of this chapter expands upon this comparison.

The term *broad-coverage* denotes a program that aims to reach everyone in a particular target group (e.g., all single parents with children older than a specified age). Broad-coverage programs contrast with approaches that select out from the target group only certain individuals to work with, with selection criteria usually based on subjective assessments of ability and motivation. Broad-coverage programs have, in the past, been large-scale or suitable for large-scale implementation, have mostly been mandatory, and have combined several activities and administrative procedures in a complete welfare-to-work "system." Selective or, more formally, "selective-voluntary" programs have been tested experimentally only as single activities that are pieces of larger systems, only at small scale, and, as the name implies, only with voluntary participation. Comparisons of impact results across the two categories are hazardous, and this report's contextual frame for GAIN includes previous findings for broad-coverage programs only. See Gueron and Pauly (1991) for a fuller discussion of the distinction between broad-coverage and selective-voluntary programs.

[5] Statistical tests were applied to estimates of program impacts to assess the likelihood that these estimates could, by chance, show an impact when there really was none. An estimate that is "statistically significant" implies a high degree of confidence that the impact is a real program effect and not the result of chance.

In Los Angeles, the magnitude of employment impacts would lead one to expect larger earnings impacts than were actually observed. In addition, AFDC savings were larger than earnings impacts. This pattern of results suggests that the GAIN program in Los Angeles helped some sample members find jobs, but that much of this measured employment was short-term or intermittent, part-time, or at hourly wages lower than those obtained by employed controls. That is, the measured employment obtained by some experimentals with the help of GAIN paid less than employment obtained by controls, and this reduced total earnings gains. The initial employment, however, was enough to close AFDC cases or to reduce grants. In addition, it appears that some sample members either left AFDC without getting a job or got a job, left it, but did not return to AFDC. Thus, there was a small increase (relative to the control group) in the percentage of experimentals in Los Angeles who had neither earnings nor AFDC payments, which also contributed to the high ratio of AFDC impacts to earnings impacts.

This chapter also addresses the question of whether there were earnings gains and welfare savings for certain subgroups. One subgroup of particular interest is registrants who were determined by GAIN to need basic education, since providing basic education to this group is an important aspect of GAIN and accounts for a large portion of program expenditures. The analysis found three-year impacts on earnings and AFDC payments for both the "in need" and "not in need" subgroups. In three counties – Alameda, Riverside, and San Diego – three-year earnings gains were larger for those not in need, whereas the opposite was true for Butte and Tulare. In Los Angeles, three-year earnings impacts were larger for those not in need, although neither subgroup showed statistically significant effects. Across the six counties, the differences between the two education subgroups in terms of welfare savings did not follow a consistent pattern.

Longer-term AFDC recipients, another key subgroup, experienced both earnings gains and welfare savings. No definite pattern was found of these impacts being larger or smaller than those for welfare applicants or short-term recipients. Across racial and ethnic groups, the largest impacts were found among whites and blacks. The relatively large earnings impact for black sample members in Alameda is especially significant because that sample was drawn from a long-term AFDC population in a major inner-city area (Oakland). The least evidence of impacts from GAIN was found for the Asian/other subgroup.

Another important subgroup consists of "new JOBS mandatories," i.e., AFDC-FG case heads who, when GAIN became JOBS, were newly classified as mandatory because they had a child under age 6. Prior to JOBS, such persons were exempted from GAIN's participation mandate. A sample of new JOBS mandatories was available in three counties.[6] Analysis of this sample suggests that program strategies that produce impacts for other groups can also produce impacts for the new JOBS mandatory group.

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[6] In Alameda, the sample was a subsample of the research sample and did not distinguish between pre-JOBS mandatories with a child under age 6 and new JOBS mandatories with a child under age 6. (See Chapter 1.)

An important question is whether the variation in GAIN's impacts across counties is simply a by-product of the different mix of demographic characteristics in each county, or persist when these factors are held constant. This issue is explored in Chapter 8. However, in advance of that chapter, it should be noted that the overall pattern of county differences in impacts appears not to be explained simply by differences in the background characteristics of their GAIN research samples. County differences are more likely to reflect such factors as the effects of different strategies for implementing GAIN and the influence of different local environments.

The three-year impact estimates presented in this chapter do not capture all the impacts of GAIN. Patterns for the first three years indicate that experimental-control differences in earnings and AFDC payments may be expected to continue into year 4 and perhaps beyond. Indeed, analysis of extended follow-up data available for a group of early GAIN sample entrants suggests that impacts will, by and large, continue.

## II. Methodological Issues

The GAIN impact analysis asks two fundamental questions. First, "What were the rates of employment, AFDC receipt, and Food Stamp receipt and the average earnings, AFDC payments, and Food Stamp payments for individuals registered in GAIN?" This question is readily answered by observing the behavior of any representative sample of individuals eligible for GAIN's services and subject to GAIN's participation requirements. In this study, the experimental group provides estimates of outcomes for individuals in GAIN. The second question is, "How different would the outcomes have been if there had been no GAIN program?" This question is much more difficult to answer because the behavior of GAIN registrants cannot be observed in the absence of GAIN.

It is possible, however, to observe the behavior of control groups that did not differ systematically from experimentals except that they were not eligible for GAIN. For each GAIN county, the differences between average outcomes for the experimental group and average outcomes for the control group provide estimates of GAIN's impacts for the county. For, as long as the controls remain ineligible for GAIN, the experimental-control comparison yields a valid estimate of the program's impact. In the GAIN evaluation, controls were not eligible for GAIN for three years, beginning with the date of an individual's random assignment to the experimental or control group; in the subsequent two years, the counties were not to recruit or give special preference to serving controls. The three-year follow-up analyzed in this report falls within this five-year period.

The calculated differences in average outcomes between experimentals and controls may be subject to some uncertainty because various random factors might make those differences slightly positive or slightly negative even if there were no real differences caused by the program. To rule out the effect of chance, outcome differences between experimentals and controls were tested statistically. In the present analysis, outcome differences were considered statistically significant if there were no more than a 10 percent probability that the measured differences could have been produced by chance and not as a result of GAIN.

The random assignment research design constitutes a simple yet powerful solution to the problem of estimating program impacts in an unbiased manner. To follow the experimental design faithfully, however, requires that comparisons between experimentals and controls closely adhere to certain protocols. In particular, all persons randomly assigned must be included in the impact calculations in order for the resulting impact estimates to be unbiased. This means, first, that *all* controls must be compared with *all* experimentals. Both GAIN nonparticipants and participants must be retained in the experimental samples. This, in turn, implies that impact estimates must be reported as impacts "per experimental" and not, as is often the case with other kinds of evaluations, as impacts "per participant." The "per-experimental" basis is especially suited for studying mandatory programs such as GAIN. The very existence of a requirement to participate may itself produce effects, perhaps prompting some program registrants to avoid having to participate by finding a job on their own or by leaving welfare. In addition, those nonparticipants who did not comply with program requirements may have been sanctioned with an AFDC grant reduction, which represents a real reduction in AFDC payments. Such effects, which would be part of the true impact of the program, would not be captured by impact estimates calculated for participants only. They can be counted correctly only if nonparticipants are included in the calculations along with GAIN participants.

Including all research sample members in the impact calculations means that estimates of average earnings and average AFDC and Food Stamp payments must be interpreted carefully. It means, for example, that estimates of average earnings per experimental necessarily will include zero dollar amounts for sample members who were not employed during the period involved. Similarly, estimates of average AFDC and Food Stamp payments will include zero dollar amounts for sample members who did not receive benefits during the period in question. To the extent that the program converts nonearners to earners, or encourages welfare recipients to leave welfare, excluding sample members with zero dollar values from the experimental and control averages would obviously lead to a serious underestimation of program impacts.

The experimental group includes only those persons who attended a GAIN orientation and were randomly assigned. The per-experimental basis for impacts therefore does not capture possible impacts on individuals who were referred to GAIN but never showed up for an orientation. Some of these individuals may have been sanctioned, while others may have left welfare or found a job specifically to avoid GAIN. Because these individuals were not included in the research samples for the current study, any impacts they might have felt will not be counted. The three-year impact estimates presented in this report may therefore slightly underestimate the full impact of GAIN.

The discussion of impacts in the various sections of this chapter will often begin with mention of the outcome levels for controls rather than experimentals. The behavior of controls indicates what would have happened without GAIN. Their behavior indicates whether the sample GAIN worked with would have performed well or poorly in the absence of GAIN. Control group outcomes can also be compared across counties. Such comparisons can tell whether certain counties worked with registrants that were or were not relatively "job-ready" or "dependent." Similar comparisons across subgroups can identify particular subgroups that are likely to exhibit one or another kind of behavior in the absence of GAIN.

Random assignment at GAIN orientation presents difficulties for comparing impact estimates for GAIN with those for other program evaluations where the point of random assignment was located at a different stage of the intake process. In particular, for evaluations in which random assignment was performed at the point where individuals were first referred to the welfare-to-work program, the research sample may represent a larger share of the eligible caseload than in studies that place it at the later stage, which some referred individuals do not reach (e.g., because they leave welfare in the meantime). In addition, certain aspects of random assignment at referral may tend to raise, and others to reduce, the amount of program impact accruing to the research sample. On the one hand, the impact estimates in such designs will capture any effects – e.g., from sanctions – occurring between referral and orientation. On the other hand, impact estimates will be diluted by the presence in the sample of some welfare applicants who turn out to be ineligible for AFDC, whose applications are never approved, and who therefore are not obliged to show up at orientation. These applicants experience no impact from the welfare-to-work program, since they would have been ineligible for AFDC even without the program.

Within GAIN, differences in targeting complicate comparisons across counties. Targeting differences create differences in the characteristics of sample members across counties. In addition, in counties with narrow targeting plans, GAIN registrants (and the research samples) will represent a smaller share of the overall AFDC caseload than in counties that target more broadly. For example, in Alameda and Los Angeles, which served only long-term AFDC recipients, the research samples will include, on average, individuals with greater skills deficits and employment barriers than elsewhere. The impact estimates in these two counties may not apply to other portions of their caseload.

Six main kinds of outcomes are examined in this chapter: employment, earnings, receipt of AFDC (e.g., percentage receiving any AFDC in a quarter), amount of AFDC payments, receipt of Food Stamps, and amount of Food Stamp payments. Earnings have greater variability across sample members than do the other outcomes. Impact estimates for earnings will therefore generally be less precise than impact estimates for the other measures. This means, e.g., that a given estimate of an employment impact may be statistically significant, while its associated estimate of earnings impact is not. In such cases, the employment result increases confidence that there is, in fact, an earnings impact.

Sample sizes available for subgroup analysis pose another problem. Subgroups are, by definition, smaller than the full research sample. Reduced sample sizes decrease the precision of an impact estimate. This means that a particular impact value that was statistically significant in a full-county sample may no longer be statistically significant if it appears as the impact estimate for only a subgroup of the county sample. By the same token, a particular numerical impact estimate for a subgroup generally has a wider range of uncertainty around it than a full-sample estimate. Thus, the magnitude of the subgroup estimates should be interpreted with particular caution. In the subgroup tables, impact estimates derived from very small samples are flagged to indicate low reliability.[7] It should be added, however, that comparisons of means (averages) across subgroups or across counties are less affected by sample size and can often provide useful information when samples are too small to permit reliable estimation of impacts.

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[7] As it relates to statistical precision, the effective "size" of an impact sample depends in a complex way on the number of experimentals and controls and variation in the outcome measure. In classifying subgroups by sample size, the size of an "equivalent control group size for balanced designs" was calculated, which lies between the sizes of the experimental and control groups but is generally less than the average of the sizes of both. Then the standard errors for the summary earnings gains and welfare reductions were examined to determine which equivalent control group sizes yielded quite imprecise estimates. As a result of this examination, subsamples with an equivalent control group size of 100 or less were designated "unreliable"; from 101 up to 250, the subsamples were singled out as being of reduced reliability relative to the other estimates.

An additional set of analysis issues concerns the organization of the follow-up data on earnings, AFDC, and Food Stamps and the length of the follow-up period. UI earnings data are maintained by calendar quarter periods: January through March, April through June, etc. But sample members were randomly assigned daily. Consequently, the earnings reported for any sample member's "quarter 1," which includes the date of random assignment, will often include some earnings that preceded that person's random assignment. Such pre-program earnings cannot logically be part of the GAIN program's impact. For that reason, quarter 1 is not counted in the summary measures of program impacts presented in this chapter and the next. Thus, for example, follow-up "year 1" will be defined as quarters 2 through 5.

AFDC payments data were available monthly. In order to exactly match the intervals covered by earnings data, AFDC payments were regrouped. This means that for someone randomly assigned in February, quarter 2 is April through June for both earnings and welfare. It also means that year 1 of welfare follow-up is composed of the 12 months from April through March of the subsequent year. This convention implies that any impact on employment or earnings in, say, quarter 3 pertains to exactly the same time period as an impact on welfare in quarter 3. As with earnings, the quarter of random assignment is dropped from summary welfare measures. Food Stamp data were available monthly and are organized the same way as AFDC data are organized for this report.

UI earnings data are maintained by the State of California statewide. AFDC and Food Stamp payments are maintained separately by each county. If a sample member moves out of a county, AFDC and Food Stamp payments will appear to go to zero in the evaluation data file, even if the individual returns to welfare in a different county in the state. Earnings data will continue, however, unless the individual leaves the state. For cross-state migrants, earnings, AFDC, and Food Stamps will all appear to go to zero in the evaluation data. There is, however, no expectation that such effects should differ systematically between experimental and control groups. Thus, even though average earnings and average AFDC and Food Stamp payments may be somewhat underestimated for experimental and control groups, the *differences* between those averages should not be much affected. Any biases in impacts should be small.[8]

Earnings, AFDC, and Food Stamp payments data are available in all counties at least through quarter 13. This is the "common" period of follow-up. In Butte, Los Angeles, and Riverside, one additional quarter is available for earnings and two for AFDC and Food Stamps; in San Diego, data on earnings and AFDC and Food Stamps are available through quarter 16. For the full sample in each county, quarterly earnings and AFDC payments have been computed and are shown (in Appendix D) for as many quarters as are available. The discussion in this chapter will, however, focus on the common follow-up: "year 1," "year 2," and "year 3" (quarters 2 through 5, 6 through 9, and 10 through 13, respectively).

Finally, some discussion of the expected mechanism of program impact is in order. As typically portrayed, welfare-to-work programs have their initial impacts on employment and earnings, and those impacts lead in turn to reductions in welfare. In practice, the relationship between earnings gains and welfare reductions is far from clear-cut. In some past programs, large earnings gains have been found without welfare reductions. This may come about for several reasons. There may be errors in reports of earnings or administrative lags in AFDC case closure following the start of employment. Earnings gains may accrue mostly to short-term welfare recipients who would have been off public assistance quickly anyway. Or earnings gains may be concentrated among individuals for whom the gains are larger than the amounts needed to close welfare cases. In addition, work expense and child care allowances provided for AFDC recipients may offset any increase in earnings, thus allowing those recipients to remain on welfare while working.

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[8] Earnings not covered by or not reported to the UI system may also result in minor biases of earnings impacts toward zero.

Conversely, some welfare reductions have been observed without corresponding earnings gains. Again there may be several contributing factors. Sanctions may produce some welfare impacts without any effect on employment. Contact between welfare-to-work program staff and program registrants may speed the process of case closure for individuals who find work, even if they would have found those same jobs without the program's help. There may also be "deterrent effects" for individuals who leave AFDC to avoid having to participate in the welfare-to-work program but who do not take jobs, or who may be working at "under the table" jobs not captured by the administrative records data. In some programs, there may be a real increase in job-finding that leads to an increase in case closure, but the jobs may not last very long and individuals may not return to AFDC right away.

## III. A Context for Understanding GAIN's Three-Year AFDC-FG Impacts

For analytical purposes, GAIN may be seen as two programs in one, corresponding to the two tracks for GAIN registrants: one for registrants determined not to need basic education and one for those deemed to need it. From this perspective, it becomes natural to seek to compare the impact findings for AFDC-FGs in the two GAIN tracks with findings for single-parent registrants in two kinds of broad-coverage welfare-to-work programs evaluated with experimental designs during the 1980s. The first kind comprises low-cost programs consisting primarily of job search activities but often including a work experience activity as well. A second kind of program used job search and work experience but also incorporated some education and training and operated at higher cost. MDRC conducted seven experimental studies of the first kind of program and two of the second kind (see Appendix Table D.1).[9] Comparisons across these earlier programs – and between GAIN and these programs – must be made and interpreted with caution because the programs differed in goals, services, degree of enforcement, and local conditions.[10]

Among the low-cost programs, the median three-year earnings impact was about $700 per experimental sample member during the mid-1980s.[11] The median three-year AFDC reduction was about $200 per sample member. These programs were generally found to be cost-effective. However, although the programs increased employment and earnings, the pay rates of employed members of the experimental group were typically no greater than those for employed control group sample members and were not sufficient by themselves to lift many families out of poverty. Moreover, earnings gains were not found consistently for the most disadvantaged groups, including long-term AFDC recipients.

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[9] The seven low-cost programs were the two Louisville WIN Laboratory Experiments, the Arkansas WORK Program, the Cook County (Chicago) WIN Demonstration program, the West Virginia Community Work Experience Program (CWEP), the Virginia Employment Services Program (ESP), and the San Diego Employment Preparation Program/Experimental Work Experience Program (EPP/EWEP). The two programs with some education and training were Baltimore Options and the San Diego Saturation Work Initiative Model (SWIM). The experimentally evaluated small-scale programs, such as those in Maine and New Jersey, are not directly comparable to broad-coverage programs such as the nine listed and GAIN. Not only were they small, but they were also voluntary and registered individuals selectively. See Gueron and Pauly, 1991.

[10] See Friedlander and Gueron, 1992; Gueron and Pauly, 1991.

[11] Impact estimates for earlier programs are not inflated to current dollars.

The SWIM demonstration in San Diego in the late 1980s illustrates another kind of program, a moderate-cost intervention that, again, began with job search followed by work experience. But SWIM assigned other activities, including education and training, to registrants who did not obtain employment during their initial activities. In addition, registrants could find and enroll in education and training on their own and, if SWIM approved, could participate in those activities as substitutes for the regular SWIM activities. During the first three years of follow-up, San Diego SWIM produced total earnings gains of $1,551 per experimental sample member, $352 in year 1, $644 in year 2, and $555 in year 3. It should be noted that San Diego SWIM, which was among the most mandatory and heavily sanctioning of the nine comparison programs, achieved the largest welfare savings among them, a three-year total savings of $1,462 ($419 per experimental in year 1, $560 in year 2, and $483 in year 3).[12]

In its emphasis on upfront job search, each of these programs bears some similarity to the job-search-first track of GAIN, which is intended for individuals determined not to need basic education. For the education-first track in GAIN, there are no completed experimental studies of similar programs. The moderate-cost Baltimore Options program, however, differed from the others in providing some education or training as an alternative first assignment to job search and work experience. Although GAIN does not permit the same degree of choice, its basic education track has in common with the Baltimore program a significant emphasis on human capital development, which may be expected to take longer to show impacts but which, it is hoped, may produce larger impacts in the long run. Baltimore produced an earnings impact of $140 per experimental sample member in year 1. This gain nearly tripled, to $401, in year 2. It further increased to $511 in year 3, held up at about that level through year 5, and appeared likely to persist even beyond that point.[13] However, Baltimore, which permitted some registrant choice of activity and did not sanction much, achieved no welfare reductions.

## IV. Three-Year Impacts for the Pooled (Six-County) Sample and the Individual Counties

Figure 4.1 presents the trends in average quarterly earnings and average quarterly AFDC payments for the experimental and control group samples in each of the six GAIN study counties. These quarterly estimates and other impact estimates for the counties' AFDC-FG samples are shown in detail in Appendix Tables D.2 through D.7. It will be noted that some counties have more than the basic 13 quarters of follow-up: Butte, Los Angeles, and Riverside have 14 quarters of earnings and 15 quarters of AFDC payments, and San Diego has 16 quarters of earnings and AFDC payments.

### A. The Behavior of Controls

The control groups provide benchmarks for the earnings and welfare receipt the research sample would have experienced without GAIN. It is clear from Figure 4.1 that, even without the assistance

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[12] See Friedlander and Hamilton, 1993.

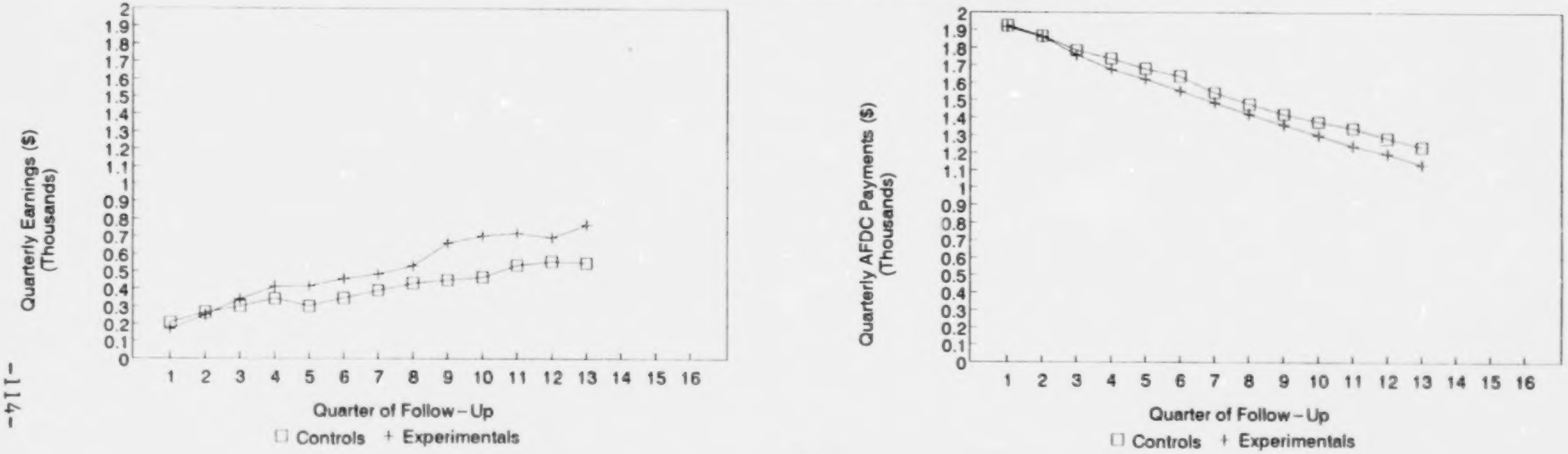
[13] Gueron and Pauly, 1991; Friedlander and Burtless, forthcoming.

## FIGURE 4.1

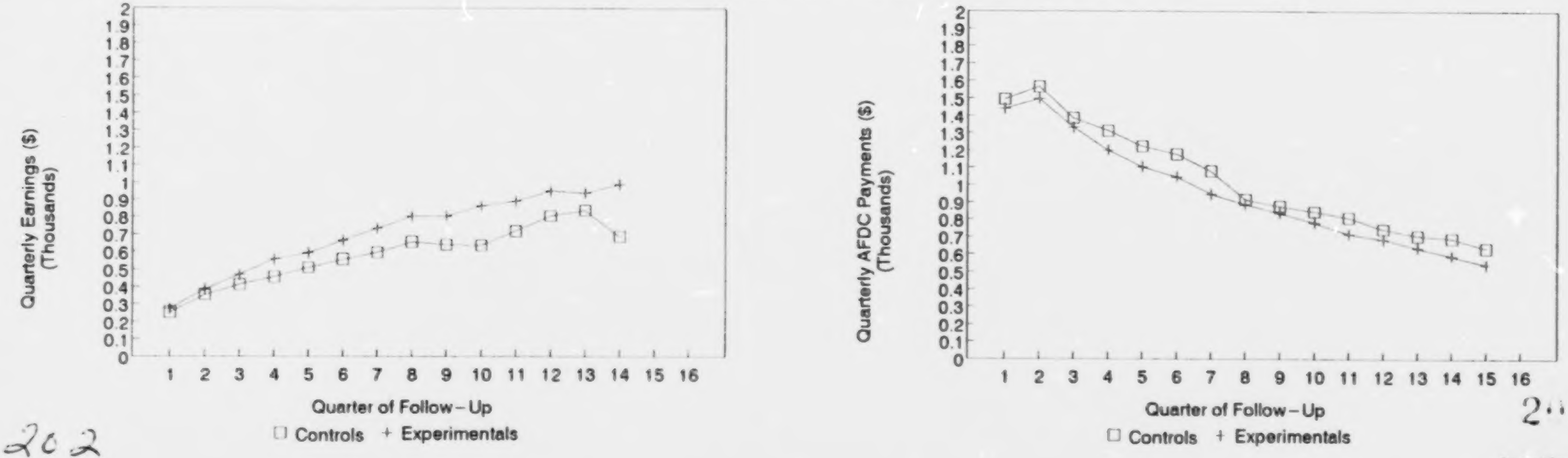
## QUARTERLY EARNINGS AND AFDC PAYMENTS FOR THE FULL SAMPLES OF AFDC-FG REGISTRANTS

Year 1: Quarters 2-5
Year 2: Quarters 6-9
Year 3: Quarters 10-13

Alameda
(Number of experimentals: 602. Number of controls: 603.)



Butte
(Number of experimentals: 986. Number of controls: 243.)

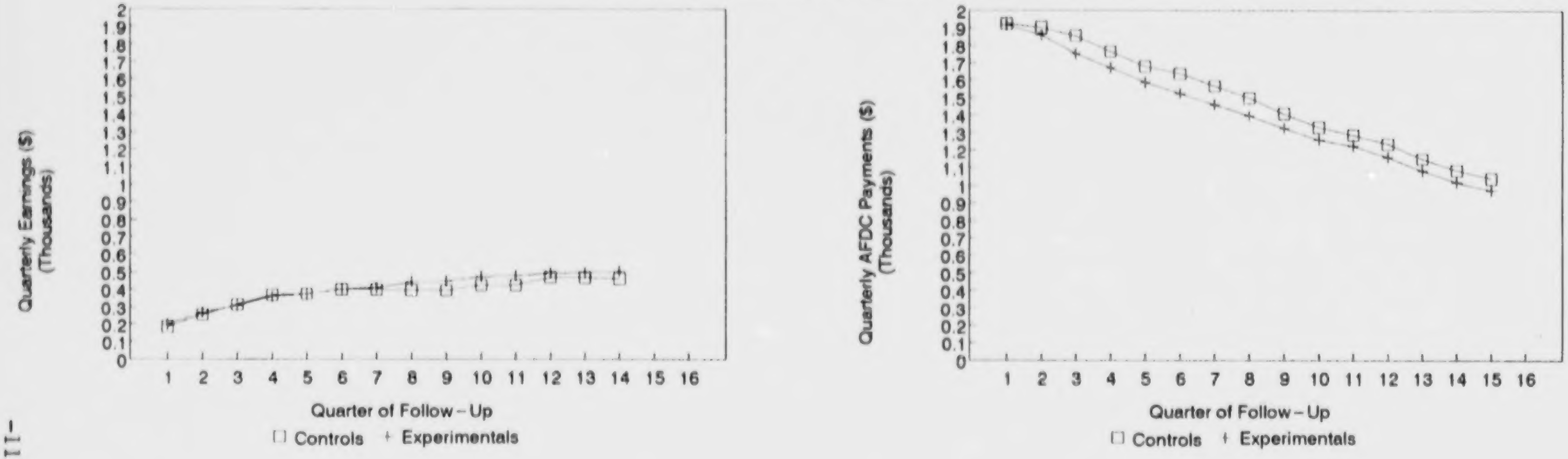


(continued)

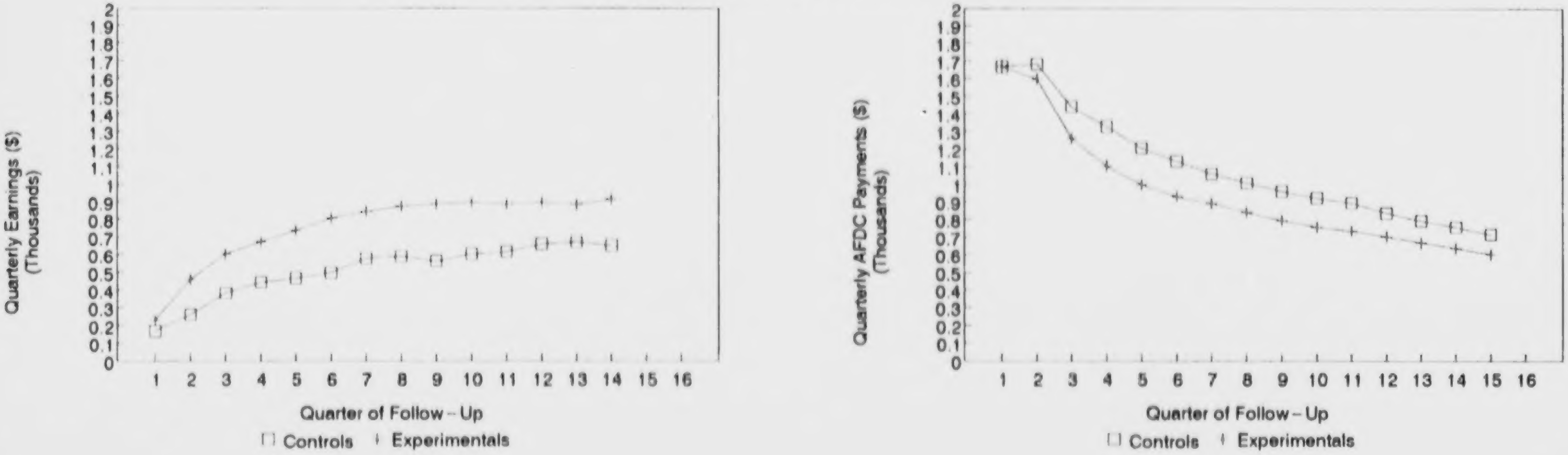
## FIGURE 4.1 (continued)

Year 1: Quarters 2-5
Year 2: Quarters 6-9
Year 3: Quarters 10-13

Los Angeles
(Number of experimentals: 2,995. Number of controls: 1,401.)



Riverside
(Number of experimentals: 4,457. Number of controls: 1,051.)

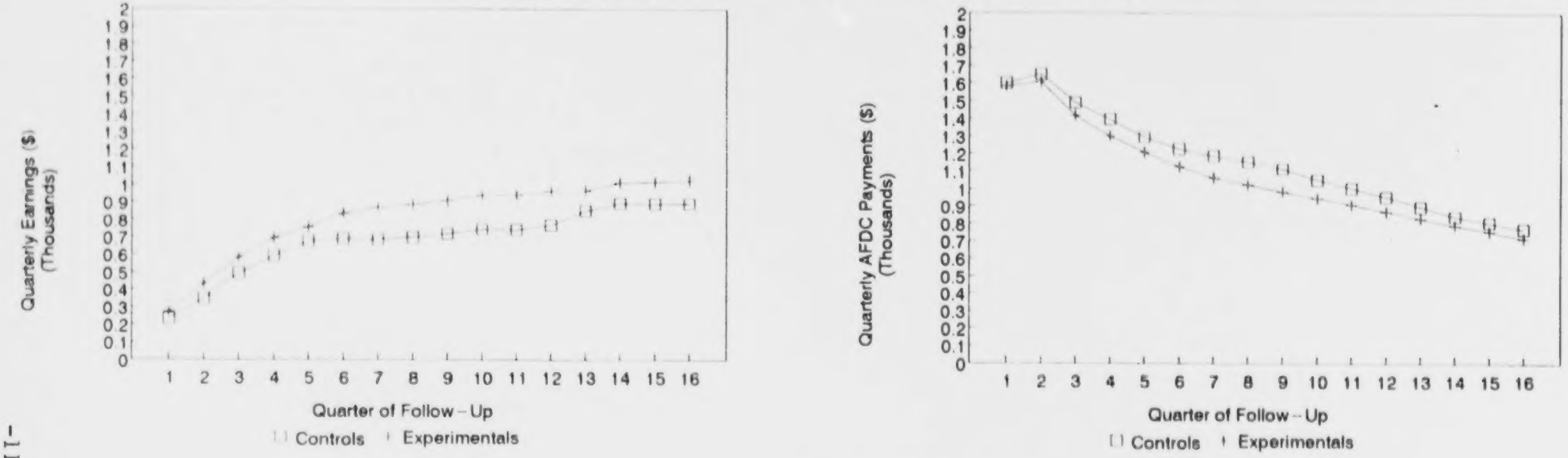


(continued)

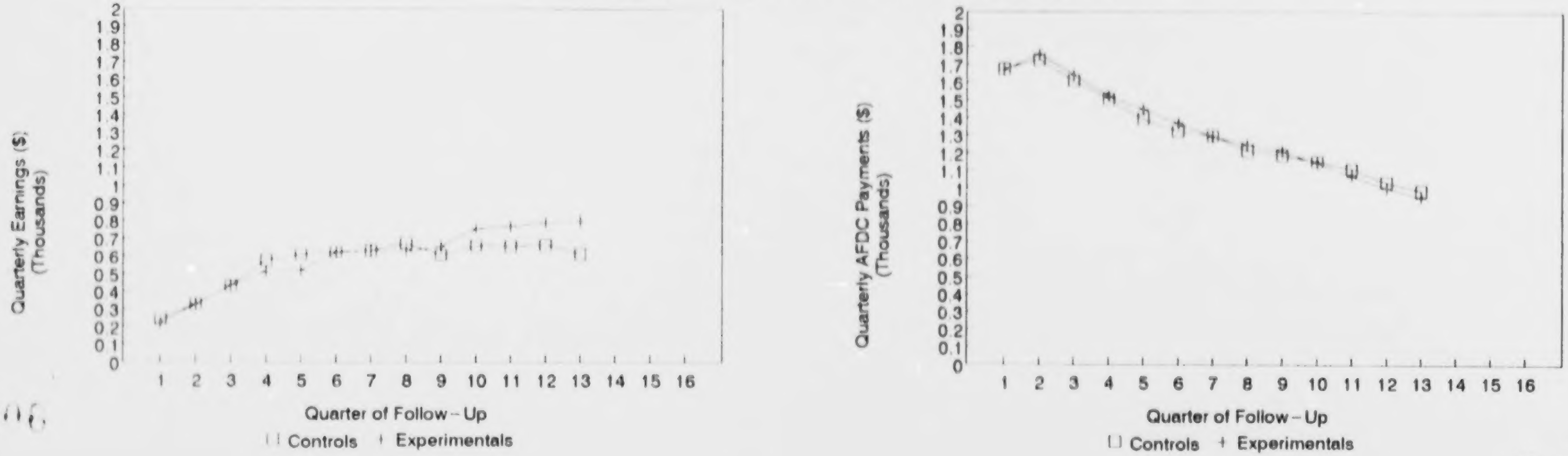
FIGURE 4.1 (continued)

Year 1: Quarters 2–5
Year 2: Quarters 6–9
Year 3: Quarters 10–13

San Diego
(Number of experimentals: 7,049. Number of controls: 1,170.)



Tulare
(Number of experimentals: 1,588. Number of controls: 646.)



SOURCE AND NOTES: See Table 4.1 and Appendix D.

of GAIN, many controls were active in the labor force. Average earnings for controls increased steadily after the point of random assignment, indicating an increase in job-holding over time, although in three counties average earnings declined slightly at the end of year 3.

A comparison of employment rates for controls in the individual counties illustrates their labor market activity and the differences in the make-up of program samples from county to county. Control group employment rates at the end of year 3 (i.e., in quarter 13) were as follows:

| | |
|---|---|
| Alameda | 18.8 percent employed |
| Butte | 29.6 " " |
| Los Angeles | 16.8 " " |
| Riverside | 24.6 " " |
| San Diego | 28.0 " " |
| Tulare | 26.6 " " |

These rates are somewhat below those found in some other studies.[14] About one-quarter of the controls in Butte, Riverside, San Diego, and Tulare were employed at the end of year 3. Controls in Alameda and Los Angeles worked at about two-thirds the rate of those in the other four counties. Although control employment rates are partly influenced by labor market conditions, the much lower rates in Alameda and Los Angeles compared to the other four counties reflect important differences in the types of people in the counties' samples. As noted in Chapter 1, Alameda and Los Angeles worked only with long-term AFDC recipients, a group characterized not only by a long history of reliance on AFDC but also by lower rates of recent work experience and lower high school completion rates. Consequently, the control samples in Alameda and Los Angeles quite naturally evidenced lower rates of employment during the follow-up period.

Analogous patterns can be seen for controls with regard to AFDC receipt. The figures show declining AFDC payments after random assignment as more and more controls left welfare. These case closures illustrate the normal process of welfare dynamics, with individuals leaving AFDC because they become married or reconciled, find jobs on their own (perhaps by participating in non-GAIN programs), or lose eligibility because their children "age out" of AFDC. Welfare receipt rates for controls show patterns mirroring the employment patterns in the six counties. In quarter 1 of follow-up, almost all controls received AFDC. By quarter 13, control group AFDC receipt rates had declined to the following levels:

| | |
|---|---|
| Alameda | 70.6 percent received AFDC |
| Butte | 41.0 " " " |
| Los Angeles | 67.5 " " " |
| Riverside | 45.8 " " " |
| San Diego | 51.9 " " " |
| Tulare | 56.2 " " " |

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[14] Employment rates for quarter 13 are not available in many other studies. In San Diego SWIM, quarter 13 employment among AFDC-FG control group sample members was 28.6 percent; in Baltimore Options, quarter 12 employment was 40.3 percent; in Arkansas WORK, quarter 12 employment was 18.3 percent; and in Virginia ESP, quarter 10 employment was 34.1 percent.

Fairly rapid departure from welfare is common in the AFDC population, and has been noted for samples in other studies of welfare-to-work programs.[15] Less than half of the control groups in Butte and Riverside and less than 60 percent of controls in San Diego and Tulare were on AFDC at the end of year 3. In Alameda and Los Angeles, however, approximately 7 of 10 controls were still on welfare at that point. Again, these differences reflect the longer welfare histories of the Alameda and Los Angeles samples.

### B. Impacts on Employment, Earnings, AFDC Receipt, and AFDC Payments

The differences between experimentals and controls presented in Figure 4.1 are the estimates of GAIN's impacts on earnings and AFDC payments. These and other numerical estimates of program impacts are also shown in Table 4.1 (and Appendix Tables D.2 through D.7). This table shows year-by-year and summary estimates for the first three years of follow-up (quarters 2 through 13).[16] Estimates for the third year can indicate whether any impacts should be expected from later follow-up. In prior experimental studies, however, earnings impacts in year 3 were not always good predictors of impacts in later years.[17] Estimates of employment rates for the last quarter of year 3 (i.e., quarter 13) are presented to indicate how much lower employment is at a point in time compared to any employment over the whole year. Estimates of AFDC receipt rates are shown for the end of each year (i.e., quarters 5, 9, and 13) because these point-in-time rates are more indicative of behavior and impacts than are measures of ever receiving any AFDC over a whole year.

The largest impacts were found in Riverside, and all the impacts for that county were statistically significant.[18] In Riverside, 53.4 percent of controls worked at some time during the first three follow-up years compared to 67.1 percent of experimentals, for a difference, or impact, of 13.6 percentage points. The year 1 impact was 18.0 percentage points, declining in year 2 to 14.0 percentage points, and further declining to 9.3 percentage points in year 3. The employment rate impact was still strong at the end of year 3: In quarter 13, 31.2 percent of experimentals were employed compared to 24.6 percent of controls, a gain of 6.6 percentage points. The three-year earnings gains totaled $3,113 ($920 in year 1, $1,183 in year 2, and $1,010 in year 3).

AFDC impacts in Riverside were correspondingly large. The average number of months on AFDC during the first three years was 20.66 for controls and 18.54 for experimentals (see Appendix Table D.5). Reductions in welfare receipt of about 4 percentage points occurred as early as quarter 3 and were sustained above that level during each succeeding quarter. AFDC payments during the

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[15] In San Diego SWIM, 48.3 percent of the AFDC-FG controls were on AFDC in quarter 13; in Baltimore Options, 48.4 percent in quarter 12; in Arkansas WORK, 40.1 percent in quarter 12; and in Virginia ESP, 39.3 percent in quarter 11.

[16] As noted earlier, quarter 1 (the quarter of random assignment) is omitted in the summary measures because, for some sample members, that quarter may have included earnings and AFDC payments that preceded the day on which random assignment took place.

[17] The importance of having actual data beyond year 3 is illustrated by comparing San Diego SWIM and Baltimore Options. Both had relatively large earnings impacts in year 3. In San Diego SWIM, earnings impacts declined after year 3. In contrast, in Baltimore Options, earnings impacts in year 5 were almost as large as the peak in year 3. See Friedlander and Burtless, forthcoming.

[18] Variation in impacts across counties for AFDC-FGs was statistically significant at the 1 percent level for total three-year earnings and total three-year AFDC payments.

## TABLE 4.1

## GAIN's THREE-YEAR IMPACTS ON EMPLOYMENT, EARNINGS, AFDC RECEIPT, AND AFDC PAYMENTS FOR AFDC-FG REGISTRANTS

| County and Outcome | Experimentals | Controls | Difference | Percentage Change |
|---|---|---|---|---|
| **Alameda** | | | | |
| Ever employed (%) | | | | |
| Year 1 | 30.1 | 27.3 | 2.8 | 10.1% |
| Year 2 | 32.8 | 26.3 | 6.5 *** | 24.8% |
| Year 3 | 33.9 | 26.7 | 7.2 *** | 26.9% |
| Last quarter of year 3 | 24.8 | 18.8 | 6.0 *** | 32.0% |
| Total (years 1-3) | 48.8 | 40.8 | 8.0 *** | 19.5% |
| Average total earnings ($) | | | | |
| Year 1 | 1421 | 1212 | 209 | 17.3% |
| Year 2 | 2132 | 1624 | 508 * | 31.3% |
| Year 3 | 2880 | 2105 | 774 ** | 36.8% |
| Total (years 1-3) | 6432 | 4941 | 1492 ** | 30.2% |
| Ever received any AFDC payments (%) | | | | |
| Last quarter of year 1 | 86.0 | 89.2 | -3.2 * | -3.6% |
| Last quarter of year 2 | 76.6 | 77.1 | -0.5 | -0.7% |
| Last quarter of year 3 | 67.5 | 70.6 | -3.1 | -4.4% |
| Average total AFDC payments received ($) | | | | |
| Year 1 | 6916 | 7066 | -150 | -2.1% |
| Year 2 | 5816 | 6077 | -261 | -4.3% |
| Year 3 | 4861 | 5232 | -371 ** | -7.1% |
| Total (years 1-3) | 17593 | 18375 | -782 * | -4.3% |
| Sample size (total = 1205) | 602 | 603 | | |
| **Butte** | | | | |
| Ever employed (%) | | | | |
| Year 1 | 42.3 | 45.6 | -3.3 | -7.2% |
| Year 2 | 46.3 | 42.2 | 4.0 | 9.6% |
| Year 3 | 46.7 | 42.5 | 4.3 | 10.1% |
| Last quarter of year 3 | 32.9 | 29.6 | 3.3 | 11.0% |
| Total (years 1-3) | 63.4 | 63.7 | -0.2 | -0.4% |
| Average total earnings ($) | | | | |
| Year 1 | 2001 | 1729 | 272 | 15.7% |
| Year 2 | 2998 | 2442 | 556 | 22.8% |
| Year 3 | 3638 | 2992 | 647 | 21.6% |
| Total (years 1-3) | 8637 | 7163 | 1474 | 20.6% |
| Ever received any AFDC payments (%) | | | | |
| Last quarter of year 1 | 65.0 | 68.4 | -3.4 | -5.0% |
| Last quarter of year 2 | 49.4 | 47.7 | 1.7 | 3.6% |
| Last quarter of year 3 | 39.7 | 41.0 | -1.3 | -3.2% |
| Average total AFDC payments received ($) | | | | |
| Year 1 | 5132 | 5486 | -353 * | -6.4% |
| Year 2 | 3715 | 4048 | -333 | -8.2% |
| Year 3 | 2812 | 3101 | -290 | -9.3% |
| Total (years 1-3) | 11659 | 12635 | -976 | -7.7% |
| Sample size (total = 1229) | 986 | 243 | | |

(continued)

## TABLE 4.1 (continued)

| County and Outcome | Experimentals | Controls | Difference | Percentage Change |
|---|---|---|---|---|
| **Los Angeles** | | | | |
| Ever employed (%) | | | | |
| Year 1 | 27.0 | 24.9 | 2.1 | 8.6% |
| Year 2 | 26.9 | 22.9 | 4.0 *** | 17.5% |
| Year 3 | 26.0 | 22.4 | 3.6 *** | 16.1% |
| Last quarter of year 3 | 19.3 | 16.8 | 2.4 ** | 14.4% |
| Total (years 1–3) | 39.4 | 34.9 | 4.5 *** | 12.8% |
| Average total earnings ($) | | | | |
| Year 1 | 1304 | 1308 | −4 | −0.3% |
| Year 2 | 1699 | 1589 | 110 | 6.9% |
| Year 3 | 1939 | 1786 | 153 | 8.6% |
| Total (years 1–3) | 4943 | 4683 | 260 | 5.5% |
| Ever received any AFDC payments (%) | | | | |
| Last quarter of year 1 | 84.8 | 87.9 | −3.1 *** | −3.6% |
| Last quarter of year 2 | 74.0 | 76.3 | −2.3 | −3.0% |
| Last quarter of year 3 | 63.8 | 67.5 | −3.7 ** | −5.5% |
| Average total AFDC payments received ($) | | | | |
| Year 1 | 6874 | 7202 | −328 *** | −4.5% |
| Year 2 | 5711 | 6111 | −401 *** | −6.6% |
| Year 3 | 4729 | 5006 | −277 ** | −5.5% |
| Total (years 1–3) | 17314 | 18319 | −1005 *** | −5.5% |
| Sample size (total = 4396) | 2995 | 1401 | | |
| **Riverside** | | | | |
| Ever employed (%) | | | | |
| Year 1 | 52.1 | 34.0 | 18.0 *** | 53.0% |
| Year 2 | 49.4 | 35.4 | 14.0 *** | 39.6% |
| Year 3 | 44.5 | 35.2 | 9.3 *** | 26.3% |
| Last quarter of year 3 | 31.2 | 24.6 | 6.6 *** | 26.7% |
| Total (years 1–3) | 67.1 | 53.4 | 13.6 *** | 25.5% |
| Average total earnings ($) | | | | |
| Year 1 | 2470 | 1550 | 920 *** | 59.3% |
| Year 2 | 3416 | 2233 | 1183 *** | 53.0% |
| Year 3 | 3562 | 2552 | 1010 *** | 39.6% |
| Total (years 1–3) | 9448 | 6335 | 3113 *** | 49.1% |
| Ever received any AFDC payments (%) | | | | |
| Last quarter of year 1 | 58.7 | 65.9 | −7.2 *** | −11.0% |
| Last quarter of year 2 | 46.6 | 52.0 | −5.4 *** | −10.3% |
| Last quarter of year 3 | 40.6 | 45.8 | −5.2 *** | −11.4% |
| Average total AFDC payments received ($) | | | | |
| Year 1 | 4962 | 5658 | −695 *** | −12.3% |
| Year 2 | 3458 | 4161 | −703 *** | −16.9% |
| Year 3 | 2864 | 3448 | −584 *** | −16.9% |
| Total (years 1–3) | 11284 | 13267 | −1983 *** | −14.9% |
| Sample size (total = 5508) | 4457 | 1051 | | |

(continued)

### TABLE 4.1 (continued)

| County and Outcome | Experimentals | Controls | Difference | Percentage Change |
|---|---|---|---|---|
| **San Diego** | | | | |
| Ever employed (%) | | | | |
| Year 1 | 46.0 | 40.0 | 6.0 *** | 14.9% |
| Year 2 | 45.8 | 40.8 | 5.1 *** | 12.4% |
| Year 3 | 42.5 | 37.3 | 5.2 *** | 13.9% |
| Last quarter of year 3 | 31.7 | 28.0 | 3.7 *** | 13.4% |
| Total (years 1–3) | 62.2 | 56.5 | 5.7 *** | 10.0% |
| Average total earnings ($) | | | | |
| Year 1 | 2462 | 2113 | 349 ** | 16.5% |
| Year 2 | 3503 | 2794 | 709 *** | 25.4% |
| Year 3 | 3821 | 3108 | 713 *** | 23.0% |
| Total (years 1–3) | 9786 | 8014 | 1772 *** | 22.1% |
| Ever received any AFDC payments (%) | | | | |
| Last quarter of year 1 | 69.1 | 72.1 | −3.1 ** | −4.2% |
| Last quarter of year 2 | 56.0 | 61.1 | −5.1 *** | −8.3% |
| Last quarter of year 3 | 49.0 | 51.9 | −3.0 * | −5.7% |
| Average total AFDC payments received ($) | | | | |
| Year 1 | 5529 | 5832 | −302 *** | −5.2% |
| Year 2 | 4199 | 4679 | −480 *** | −10.3% |
| Year 3 | 3555 | 3908 | −353 *** | −9.0% |
| Total (years 1–3) | 13283 | 14419 | −1136 *** | −7.9% |
| Sample size (total = 8219) | 7049 | 1170 | | |
| **Tulare** | | | | |
| Ever employed (%) | | | | |
| Year 1 | 39.9 | 40.9 | −1.0 | −2.4% |
| Year 2 | 41.8 | 42.3 | −0.5 | −1.2% |
| Year 3 | 43.9 | 38.0 | 5.8 *** | 15.3% |
| Last quarter of year 3 | 31.4 | 26.6 | 4.8 ** | 17.9% |
| Total (years 1–3) | 59.5 | 55.3 | 4.2 ** | 7.6% |
| Average total earnings ($) | | | | |
| Year 1 | 1792 | 1941 | −149 | −7.7% |
| Year 2 | 2536 | 2531 | 5 | 0.2% |
| Year 3 | 3111 | 2594 | 518 ** | 20.0% |
| Total (years 1–3) | 7439 | 7066 | 374 | 5.3% |
| Ever received any AFDC payments (%) | | | | |
| Last quarter of year 1 | 76.7 | 75.0 | 1.7 | 2.3% |
| Last quarter of year 2 | 65.4 | 62.2 | 3.1 | 5.0% |
| Last quarter of year 3 | 54.5 | 56.2 | −1.7 | −3.1% |
| Average total AFDC payments received ($) | | | | |
| Year 1 | 6363 | 6231 | 132 | 2.1% |
| Year 2 | 5118 | 5023 | 95 | 1.9% |
| Year 3 | 4171 | 4284 | −113 | −2.6% |
| Total (years 1–3) | 15653 | 15538 | 114 | 0.7% |
| Sample size (total = 2234) | 1588 | 646 | | |

(continued)

## TABLE 4.1 (continued)

| County and Outcome | Experimentals | Controls | Difference | Percentage Change |
|---|---|---|---|---|
| **All counties (a)** | | | | |
| Ever employed (%) | | | | |
| Year 1 | 39.6 | 35.5 | 4.1 *** | 11.6% |
| Year 2 | 40.5 | 35.0 | 5.5 *** | 15.8% |
| Year 3 | 39.6 | 33.7 | 5.9 *** | 17.5% |
| Last quarter of year 3 | 28.5 | 24.1 | 4.5 *** | 18.6% |
| Total (years 1−3) | 56.7 | 50.8 | 6.0 *** | 11.7% |
| Average total earnings ($) | | | | |
| Year 1 | 1908 | 1642 | 266 *** | 16.2% |
| Year 2 | 2714 | 2202 | 512 *** | 23.2% |
| Year 3 | 3159 | 2523 | 636 *** | 25.2% |
| Total (years 1−3) | 7781 | 6367 | 1414 *** | 22.2% |
| Ever received any AFDC payments (%) | | | | |
| Last quarter of year 1 | 73.4 | 76.4 | −3.1 *** | −4.0% |
| Last quarter of year 2 | 61.3 | 62.7 | −1.4 | −2.2% |
| Last quarter of year 3 | 52.5 | 55.5 | −3.0 *** | −5.4% |
| Average total AFDC payments received ($) | | | | |
| Year 1 | 5963 | 6246 | −283 *** | −4.5% |
| Year 2 | 4669 | 5017 | −347 *** | −6.9% |
| Year 3 | 3832 | 4163 | −331 *** | −8.0% |
| Total (years 1−3) | 14464 | 15426 | −961 *** | −6.2% |
| Sample size (total = 22791) | 17677 | 5114 | | |

SOURCE: MDRC calculations from California Unemployment Insurance (UI) earnings records and from county AFDC records.

NOTES: The sample for this table consists of individuals who were randomly assigned as follows:

| | |
|---|---|
| Alameda | July 1989−May 1990 |
| Butte | March 1988−March 1990 |
| Los Angeles | July 1989−March 1990 |
| Riverside | August 1988−March 1990 |
| San Diego | August 1988−September 1989 |
| Tulare | January 1989−June 1990 |

The sample used to analyze GAIN's impacts is slightly smaller than the full research sample.

Dollar averages include zero values for sample members not employed or not receiving welfare. Estimates are regression−adjusted using ordinary least squares, controlling for pre−random assignment characteristics of sample members. Rounding may cause slight discrepancies in calculating sums and differences.

For all measures, year 1 refers to follow−up quarters 2−5; year 2, to quarters 6−9; and year 3, to quarters 10−13. Quarter 1 refers to the calendar quarter in which random assignment occurred. Because quarter 1 may contain some earnings and AFDC payments from the period prior to random assignment, it is excluded from the summary measures of follow−up.

A two−tailed t−test was applied to differences between experimental and control groups. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; * = 10 percent.

(a) In the all−county averages, the results for each county are weighted equally.

first three years dropped from $13,267 to $11,284, for a savings of $1,983 per experimental ($695 in year 1, $703 in year 2, and $584 in year 3), or 14.9 percent of the average payments to controls.

Three-year earnings impacts in Alameda, Butte, and San Diego fell in a middle range: between $1,474 and $1,772. The impact in Butte was not statistically significant, possibly owing to the smaller control sample size there. In all three counties, earnings impacts grew by about $300 from year 1 to year 2, a trend that can be seen in Figure 4.1. Growth from year 2 to year 3 continued at that rate only for Alameda, and the trend there suggests that earnings impacts may be even higher in year 4. There was also a growth in earnings impacts from year 2 to year 3 in Butte, although not as large an increase as in Alameda, and some of that growth may continue into year 4. In San Diego, the graphs indicate that earnings impacts should continue into year 4 but are not likely to grow much more.

Total AFDC savings over the three-year period ranged from $782 per experimental in Alameda (statistically significant) to $976 in Butte (not statistically significant) and $1,136 in San Diego (statistically significant). As a percentage of payments to controls, the savings were 4.3 percent for Alameda, 7.7 percent for Butte, and 7.9 percent for San Diego. As shown in Figure 4.1, welfare savings appear to have peaked in Butte and San Diego during year 2 and then to have declined, a trend that continued through year 3. Welfare savings may not have reached a peak in Alameda, where they were still climbing through year 3.

Experimentals in Los Angeles achieved a maximum employment gain of 4.0 percentage points during year 2, which declined only slightly to 3.6 percentage points in year 3. However, these gains were accompanied by only a small and not statistically significant increase in average earnings of about $260 over the three years of follow-up. This earnings impact was smaller than might have been expected,[19] given the employment impact, suggesting that a significant share of the jobs found with the help of GAIN in Los Angeles led to short-term or intermittent employment or employment that was part-time or for lower hourly wages than typical for employed controls. The program in Los Angeles did, however, obtain reductions in AFDC receipt and AFDC payments over the follow-up period. By quarter 13, 3.7 percentage points fewer experimentals than controls were still on AFDC. The savings of $1,005 per experimental over three years amounted to a decrease of 5.5 percent of the average payment per control. The GAIN program achieved a larger reduction in AFDC during year 2 ($401) than during year 3 ($277), and future savings will probably be smaller also. Welfare reductions were larger in magnitude than earnings gains in every year, suggesting two possibilities: (1) that even employment at earnings levels too low to compensate for the loss of AFDC was enough to induce some sample members to leave AFDC or (2) that some sample members remained off AFDC without ongoing employment (as measured by administrative records data). Additional information concerning these possibilities will be adduced later in this chapter.

The program in Tulare produced neither earnings gains nor AFDC savings in the first two years but began to show effects in year 3. Employment of controls in Tulare fell substantially between year 2 and year 3, from 42.3 percent to 38.0 percent. In contrast, experimentals were able to show an increase over the same period, leading to an experimental-control difference of 5.8 percentage points in employment in year 3. Earnings impacts also appeared for the first time in year 3. The third year impact of $518 produced the largest one-year increase in earnings impacts in any county. No peak is evident in the earnings impact estimates, and gains may continue to grow into year 4 or beyond. Reductions in AFDC receipt and AFDC payments also began to appear in year 3 in Tulare, although these were not yet statistically significant. AFDC impacts did not reach a clear peak in year 3 and may grow in year 4. It should be recalled that Tulare was the most rural of the counties, had the highest proportion employed in agriculture, and had the highest unemployment rate. More recently, however, labor market conditions have improved considerably. Tulare also produced the largest impact on GED receipt, which may have produced an increase in earnings with some lag behind counties, such as Riverside, that emphasized rapid job entry.[20]

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[19] The average earnings per control ever employed during the three-year follow-up was $4,683 / 0.349 = $13,418. Multiplying this amount by the 0.045 impact on the fraction ever employed during the three-year follow-up yields $604, which is the amount the earnings impact would have been had the newly employed experimentals earned as much, on average, as employed controls. This amount is more than double the $260 actually estimated for the three-year earnings impact.

The three-year earnings gains for Riverside and San Diego are associated largely with an increase in employment rather than an increase in earnings per quarter of employment. In other words, experimentals worked more as a result of the program, but the jobs they held paid about as much, on average, as the jobs held by controls, indicating that hourly wages and weekly hours were similar. In Alameda and Butte, approximately half the earnings gains were associated with increased earnings per quarter of employment for experimentals.[21] In the nine studies of welfare-to-work programs cited previously, usually only a small proportion of earnings gains was associated with higher pay rates for experimental group members.

Analogous calculations for AFDC payments indicate that about two-thirds of the three-year welfare savings in Alameda, Los Angeles, Riverside, and San Diego came from fewer months on AFDC. The remainder is associated with reduced average grant amounts per month of welfare receipt for experimentals, possibly the effect of sanctions or an increase in employment while on AFDC.[22] Similar patterns were found in those of the nine comparison studies that obtained welfare reductions. In Butte, for reasons that are not clear, the contribution of reduced months was much smaller.

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[20] Martinson and Friedlander, 1994.

[21] Dividing mean (average) earnings for controls by the mean number of quarters employed (not shown in Table 4.1) gives average earnings per quarter employed for controls. Multiplying this figure by the impact on number of quarters of employment (also not shown in the table) tells what the impact on earnings would have been if employed experimentals had earned, on average, the same as employed controls. In Alameda, this figure is 52 percent of the estimated impact on three-year earnings; in Butte, 52 percent; in Riverside, 94 percent; in San Diego, 78 percent; and in Tulare (for year 3 rather than all three years), 84 percent. (Year 3 is used for Tulare because that is the only year with a significant earnings impact.) Earnings impacts in Los Angeles were too small to warrant making this calculation. These calculations offer some basis for inferring that greater earnings for employed experimentals played a larger role in the earnings impacts of Alameda and Butte than in the other counties, but they are not conclusive evidence.

[22] The average monthly payment amount for controls is obtained by dividing the average total dollar amount by the average number of months in which AFDC payments were received. Multiplying this figure by the reduction in months indicates what the total reduction in AFDC payments would have been had average monthly payment amounts been the same for experimentals and controls who remained on welfare. In Alameda, this makes up 57 percent of the estimated three-year reduction in AFDC payments; in Butte, 25 percent; in Los Angeles, 68 percent; in Riverside, 68 percent; in San Diego, 76 percent; and in Tulare (for year 3 only), 89 percent. The remainder of the impact on three-year AFDC payments may have come from partial grant reductions imposed by sanctions or from part-time employment. Alternatively, the overall reduction in months of receipt may have fallen primarily on cases with above-average monthly grant amounts.

As shown in Table 4.1, the three-year earnings gains in the six counties ranged from $260 to $3,113. There is no one best way to average the results across the six counties. Table 4.2 presents the results of three weighting methods. The first method weights each county's impacts equally and was used in previous (1992 and 1993) reports on GAIN's impacts and participation patterns. It yields an average earnings increase of $1,414 and an average AFDC decrease of $961 over the three-year follow-up period. The second method weights the impacts according to the size of each county's GAIN caseload, providing an estimate representing the average impacts of GAIN in the six counties. This method yields an average earnings increase of $1,333 and an average AFDC decrease of $1,087 over the three years of follow-up. The third method weights each county's impacts by the number of sample members in the county, which is comparable to pooling all individual observations from all six counties. This method produces slightly higher three-year impact estimates: a gain of $1,636 in earnings and a savings of $1,166 in AFDC. As can be seen, the three sets of estimates are quite similar. The present analysis, like that in the previous report, uses the first method because it is simple and does not emphasize the strong or weak results of any one county. The final page of Table 4.1 shows all-county average estimates, using this equal-weight method.

## V. Impacts on Earnings Levels

Impacts on dollar averages can obscure some of the details of program effects. In this section, impacts on average earnings are broken down into their effects on different levels of earnings. Table 4.3 gives the percentage of experimentals and controls whose earnings for year 3 were in specified brackets. (See also Appendix Table D.8 for a breakdown of earnings keyed to selected hourly wage rates.) Year 3 was selected because impacts in that year occurred well after the initial-job-entry effect and were most likely to represent the longer-term effects of GAIN. One important bracket divider (or "cut point") is $10,000, which is approximately the earnings from a full year's employment at $5 per hour for 40 hours per week. This amount is also roughly in the range of the poverty line.[23] Employment may have produced relatively high earnings during the year because the sample member had high hourly wages, worked long weekly hours, and/or worked continuously during the year. Conversely, employment may have produced low levels of earnings during the year because the sample member worked at a low hourly wage, was employed part-time, or was jobless for part of the year.

The left panel of Table 4.3 shows experimental-control differences in the percentage in each earnings bracket. These differences represent unbiased, experimental estimates of the effect of GAIN on the distribution of earnings. The right panel gives the percentage in each earnings bracket, counting only sample members who had earnings during the year. Thus, the "none" category (i.e., no earnings) is blank in the right panel. The "differences" presented in this right panel are not true experimental differences because some members of the experimental and control groups were excluded from the calculations. They therefore are shown in italics, and no statistical tests were applied. These right-panel differences are useful in determining whether GAIN changed the distribution of earnings among *employed* sample members. The following discussion, however, concerns the full-sample results (the left panel of the table).

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[23] The poverty line is dependent on family size. For a mother with one child, the poverty line during the GAIN evaluation was $9,190; for a mother with two children, $11,570, and for a mother with three children, $13,950.

## TABLE 4.2

## GAIN's POOLED IMPACTS ON EARNINGS AND AFDC PAYMENTS FOR AFDC–FG REGISTRANTS, BY ALTERNATIVE WEIGHTING METHODS

| | Earnings Impacts ($) | | | | AFDC Payments Impacts ($) | | | |
|---|---|---|---|---|---|---|---|---|
| Weighting Method | Year 1 | Year 2 | Year 3 | Total | Year 1 | Year 2 | Year 3 | Total |
| Equal weighting | 266 *** | 512 *** | 636 *** | 1414 *** | −283 *** | −347 *** | −331 *** | −961 *** |
| By county's GAIN caseload in December 1991 | 265 *** | 510 *** | 558 *** | 1333 *** | −327 *** | −422 *** | −338 *** | −1087 *** |
| By county's sample size | 359 *** | 620 *** | 658 *** | 1636 *** | −354 *** | −443 *** | −368 *** | −1166 *** |

SOURCE: See Tables 1.1 and 4.1.

NOTES: See Table 4.1.

The pooled impacts were computed in the following way. The impact of each county was first multiplied by that county's respective weight. Therefore, each county's impact was multiplied by one for the equal weighting method; by the county's GAIN caseload for the caseload method; and by the county's sample size for the sample size method. For each method, the six products were then summed and divided by the sum of the weights. The significance levels were obtained from t–values calculated by dividing the pooled impact by the pooled standard error. The pooled standard error was calculated by first squaring the standard errors of the individual county impacts multiplied by the county weight. These squares were then summed and the total was divided by the square of the sum of the weights. The square root of this sum yielded the pooled standard error.

## TABLE 4.3

## GAIN's IMPACTS ON THE DISTRIBUTION OF EARNINGS IN YEAR 3 FOR AFDC-FGs

| | Percent in Annual Earnings Bracket | | | *Percent in Annual Earnings Bracket (a)* | | |
|---|---|---|---|---|---|---|
| County and Outcome | Experimentals | Controls | Difference | *Employed Experimentals* | *Employed Controls* | *Difference* |
| **Alameda** | | | | | | |
| None | 66.1 | 73.3 | -7.2 *** | -- | -- | -- |
| $1-$1,999 | 11.9 | 8.7 | 3.2 * | *35.1* | *32.6* | *2.5* |
| $2,000-$4,999 | 5.6 | 5.4 | 0.3 | *16.5* | *20.0* | *-3.5* |
| $5,000-$9,999 | 5.7 | 4.2 | 1.5 | *17.0* | *15.8* | *1.2* |
| $10,000-$19,999 | 6.9 | 5.9 | 1.0 | *20.3* | *22.0* | *-1.7* |
| $20,000 or more | 3.8 | 2.6 | 1.2 | *11.1* | *9.6* | *1.5* |
| Sample size (total=1205) | | | | | | |
| **Butte** | | | | | | |
| None | 53.3 | 57.5 | -4.3 | -- | -- | -- |
| $1-$1,999 | 14.9 | 12.1 | 2.8 | *31.8* | *28.5* | *3.3* |
| $2,000-$4,999 | 10.0 | 11.6 | -1.6 | *21.4* | *27.3* | *-5.9* |
| $5,000-$9,999 | 7.3 | 8.5 | -1.2 | *15.7* | *20.1* | *-4.4* |
| $10,000-$19,999 | 10.6 | 7.1 | 3.5 * | *22.7* | *16.8* | *5.9* |
| $20,000 or more | 3.9 | 3.1 | 0.8 | *8.4* | *7.2* | *1.1* |
| Sample size (total=1229) | | | | | | |
| **Los Angeles** | | | | | | |
| None | 74.0 | 77.6 | -3.6 *** | -- | -- | -- |
| $1-$1,999 | 7.4 | 5.7 | 1.8 ** | *28.5* | *25.3* | *3.2* |
| $2,000-$4,999 | 6.0 | 4.8 | 1.2 | *22.9* | *21.3* | *1.7* |
| $5,000-$9,999 | 4.9 | 5.2 | -0.4 | *18.7* | *23.4* | *-4.6* |
| $10,000-$19,999 | 6.1 | 5.1 | 1.0 | *23.6* | *22.9* | *0.6* |
| $20,000 or more | 1.6 | 1.6 | 0.0 | *6.3* | *7.1* | *-0.9* |
| Sample size (total=4396) | | | | | | |
| **Riverside** | | | | | | |
| None | 55.5 | 64.8 | -9.3 *** | -- | -- | -- |
| $1-$1,999 | 11.9 | 11.0 | 0.9 | *26.8* | *31.3* | *-4.5* |
| $2,000-$4,999 | 8.8 | 7.0 | 1.8 * | *19.8* | *20.0* | *-0.2* |
| $5,000-$9,999 | 10.0 | 7.6 | 2.4 ** | *22.5* | *21.6* | *1.0* |
| $10,000-$19,999 | 9.9 | 6.9 | 3.1 *** | *22.3* | *19.5* | *2.8* |
| $20,000 or more | 3.8 | 2.7 | 1.1 * | *8.6* | *7.6* | *1.0* |
| Sample size (total=5508) | | | | | | |
| **San Diego** | | | | | | |
| None | 57.5 | 62.7 | -5.2 *** | -- | -- | -- |
| $1-$1,999 | 10.9 | 10.0 | 0.9 | *25.6* | *26.9* | *-1.2* |
| $2,000-$4,999 | 8.3 | 7.6 | 0.7 | *19.6* | *20.3* | *-0.7* |
| $5,000-$9,999 | 8.3 | 7.8 | 0.5 | *19.5* | *20.9* | *-1.3* |
| $10,000-$19,999 | 10.4 | 8.1 | 2.4 ** | *24.5* | *21.6* | *2.9* |
| $20,000 or more | 4.6 | 3.8 | 0.7 | *10.7* | *10.3* | *0.4* |
| Sample size (total=8219) | | | | | | |
| **Tulare** | | | | | | |
| None | 56.1 | 62.0 | -5.8 *** | -- | -- | -- |
| $1-$1,999 | 12.7 | 11.9 | 0.8 | *28.9* | *31.3* | *-2.4* |
| $2,000-$4,999 | 10.6 | 8.6 | 2.1 | *24.2* | *22.5* | *1.7* |
| $5,000-$9,999 | 9.4 | 9.3 | 0.0 | *21.4* | *24.5* | *-3.2* |
| $10,000-$19,999 | 8.6 | 6.0 | 2.6 | *19.6* | *15.8* | *3.8* |
| $20,000 or more | 2.6 | 2.2 | 0.4 | *6.0* | *5.8* | *0.2* |
| Sample size (total=2234) | | | | | | |

SOURCE: See Table 4.1.

NOTES: See Table 4.1.
Where data are not applicable, dashes are used.
(a) Estimates in italics were based only on persons with earnings. Statistical tests were not applied to the differences.

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A number of important patterns may be detected in Table 4.3. It is clear that the GAIN counties increased employment partly above and partly below the $10,000 annual earnings level. For example, Riverside increased earnings that were under $10,000 by 5.1 percentage points (a figure arrived at by adding the percentage point differences for the three lower earnings brackets) and increased earnings of $10,000 or more by 4.2 percentage points (adding the two higher earnings brackets). Similarly, San Diego and Tulare both had roughly half their increases in employment below $10,000 and half at $10,000 or above. Thus, the effect of GAIN was to increase employment in both higher and lower earnings brackets.

The array of GAIN impacts across counties suggests that employment in the lower earnings brackets did not contribute much to the total impacts on earnings in year 3. Four of the five counties with earnings impacts over $500 in year 3 (Butte, Riverside, San Diego, and Tulare) had at least a 3.0 percentage point impact on the percentage of sample members earning at least $10,000. The fifth such county, Alameda, had a 1.2 percentage point impact in the top bracket ($20,000 or more), and even this small (and not statistically significant) effect may have accounted for as much as half the total earnings impact for year 3 in that county.[24]

Employment impacts in the lower brackets contributed much less to overall earnings impacts, and that is why Los Angeles achieved small total earnings impacts (see Table 4.1). The total increase in employment in year 3 in Los Angeles was the smallest of the six counties, and most of it was in the lower earnings brackets. This lower-bracket employment may have represented short-term or intermittent employment that ended during the year. There was only a 1.0 percentage point impact at $10,000 or more, the smallest among the six counties, and none of that fell in the $20,000-or-more bracket.

## VI. Impacts After the Third Follow-Up Year

Figure 4.2 presents experimental-control differences in earnings and AFDC payments in each quarter of follow-up. The impacts are shown separately for the full sample in each county and for its sample members who were randomly assigned relatively early in each county, i.e., the county's "early cohort." The graphs in Figure 4.2 extend the three-year time frame of Table 4.1 in several ways. First, as in Figure 4.1, for Butte, Los Angeles, and Riverside, one additional quarter (quarter 14) of follow-up for earnings and two additional quarters (quarters 14 and 15) for AFDC payments are available for the full samples and are shown in the graphs; for San Diego, three additional quarters (quarters 14 through 16) are shown for both earnings and AFDC payments. Second, the graphs include up to 19 quarters of follow-up data for the early cohorts, thereby showing impact estimates

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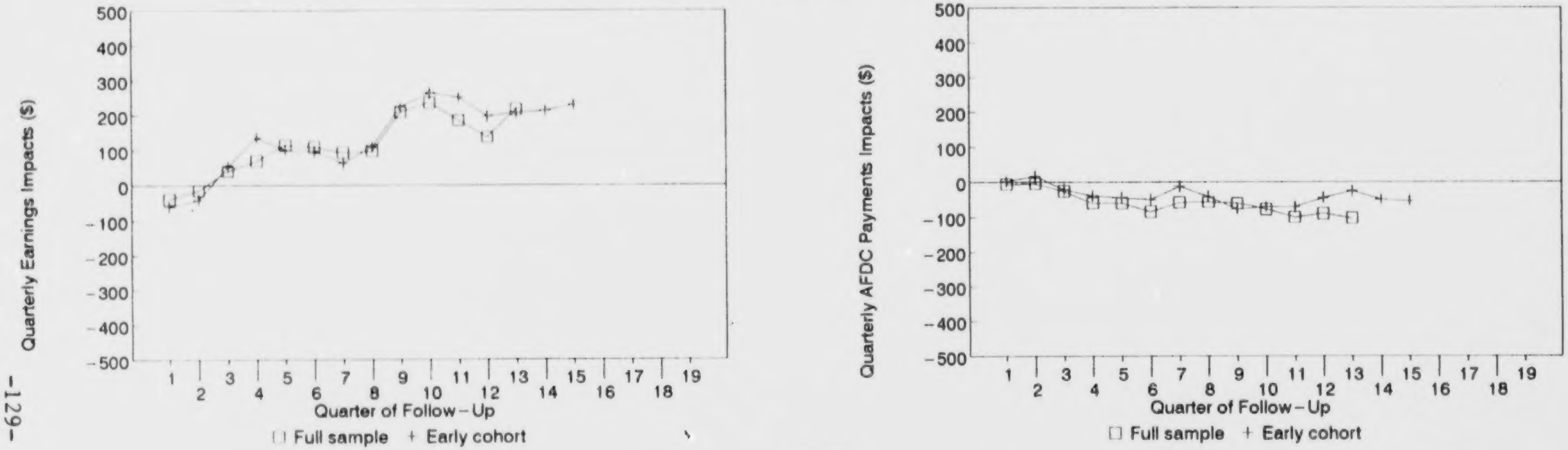
[24] This proportion was arrived at as follows: An earnings variable was defined as "amount of year 3 earnings if that amount was $20,000 or more and zero otherwise." This variable was then used as a dependent variable in an impact regression. The coefficient of the experimental status dummy gives the amount of earnings impact attributable to effects in this earnings bracket. The coefficient was $419, 54 percent of the total impact of $774 in year 3. Part of this came from additional experimentals having entered the bracket; part may have come from higher earnings for experimentals who would have been in the bracket anyway. The estimate is an upper bound of the actual contribution of employment in this category, since it is not known what the earnings of the affected experimentals would have been in the absence of GAIN. Many of them could have been employed, but in lower earnings brackets.

## FIGURE 4.2

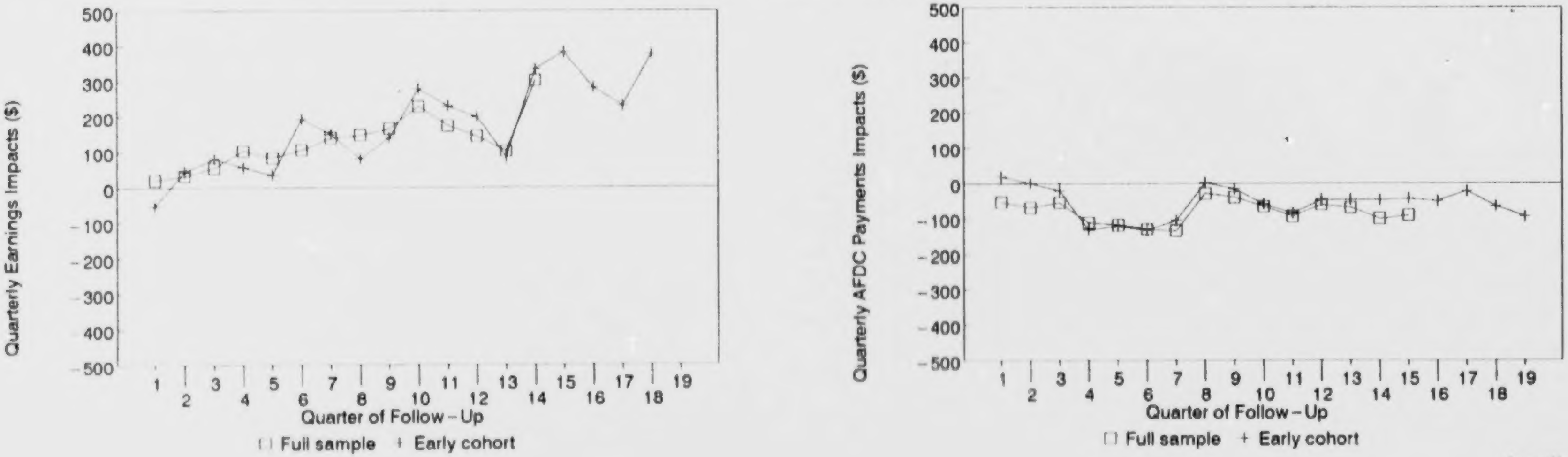
## IMPACTS ON EARNINGS AND AFDC PAYMENTS FOR THE FULL SAMPLES AND EARLY COHORTS OF AFDC-FG REGISTRANTS

Year 1: Quarters 2-5
Year 2: Quarters 6-9
Year 3: Quarters 10-13

Alameda
(Full sample: 1,205. Early cohort: 569.)



Butte
(Full sample: 1,229. Early cohort: 790.)

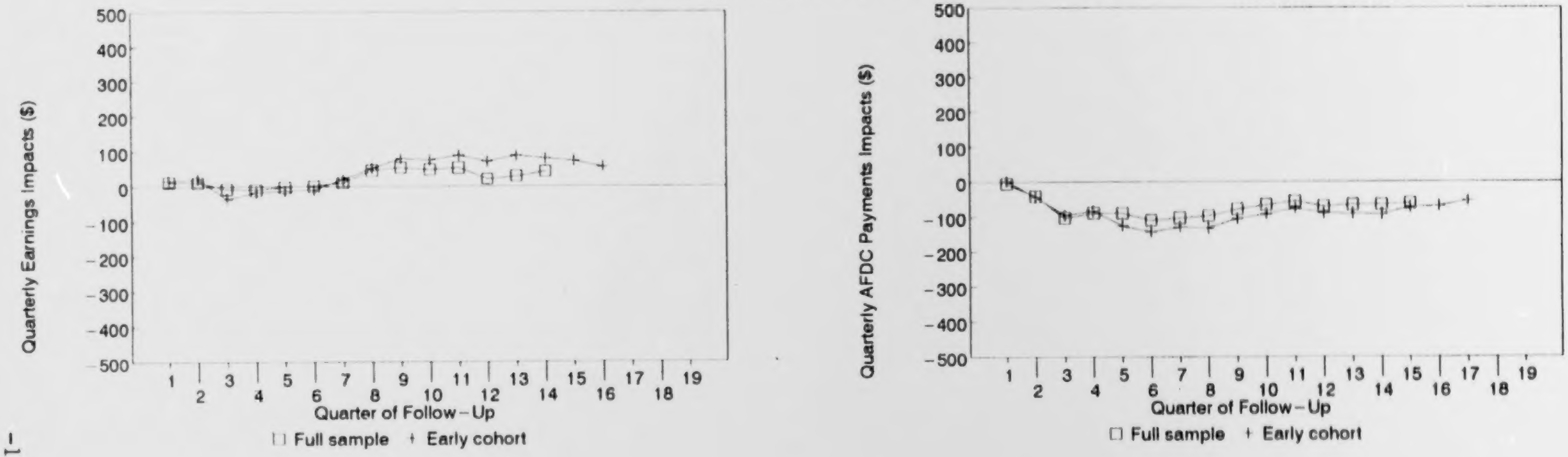


(continued)

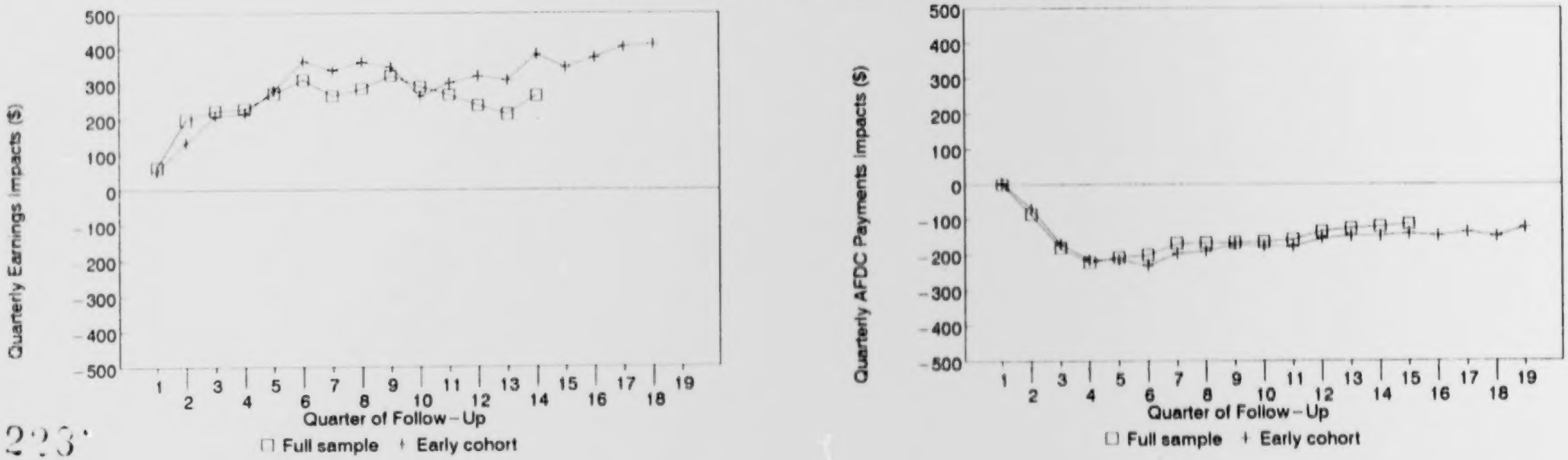
FIGURE 4.2 (continued)

Year 1: Quarters 2−5
Year 2: Quarters 6−9
Year 3: Quarters 10−13

Los Angeles
(Full sample: 4,396. Early cohort: 2,466.)



Riverside
(Full sample: 5,508. Early cohort: 2,554.)

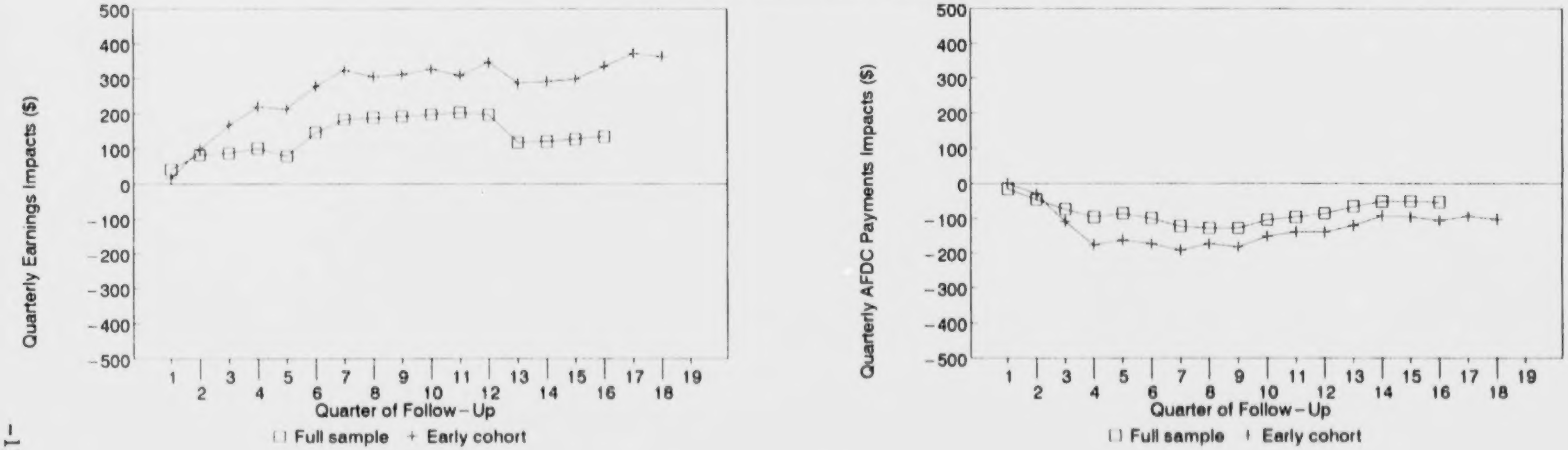


(continued)

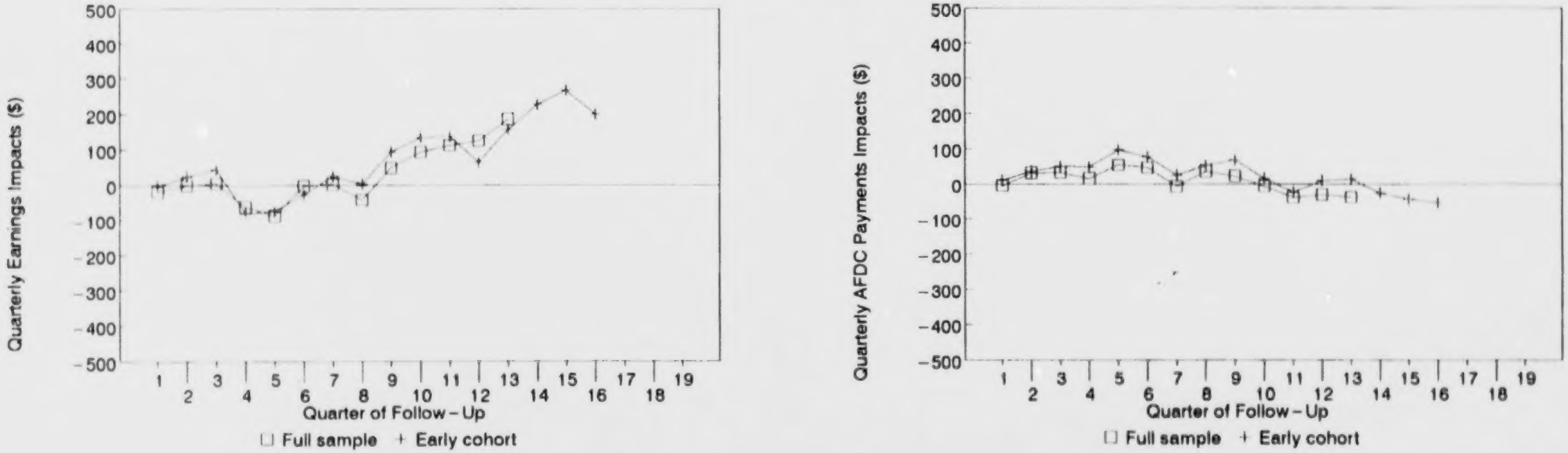
FIGURE 4.2 (continued)

Year 1: Quarters 2–5
Year 2: Quarters 6–9
Year 3: Quarters 10–13

San Diego
(Full sample: 8,219. Early cohort: 5,152.)



Tulare
(Full sample: 2,234. Early cohort: 1,285.)



(continued)

## FIGURE 4.2 (continued)

SOURCE AND NOTES: See Table 4.1 and Appendix D. The early cohort in this figure consist of individuals who were randomly assigned as follows:

| | |
|---|---|
| Alameda | July 1989–December 1989 |
| Butte | March 1988–March 1989 |
| Los Angeles | July 1989–September 1989 |
| Riverside | August 1988–March 1989 |
| San Diego | August 1988–March 1989 |
| Tulare | January 1989–September 1989 |

for year 4 (quarters 14 through 17) and part of year 5 (quarters 18 through 21) for a portion of the impact sample in some counties. Third, the graphs illustrate the movement of impacts over time – i.e., increasing, decreasing, or remaining the same – and can thereby aid in the task of projecting impacts into the future. These projections, however, cannot provide the accuracy of actual data for the full sample for all of year 4 and beyond.

Sample sizes for the full samples and early cohorts are shown in Figure 4.2, along with the random assignment dates that define the cohorts. Because samples are smaller for the cohorts than for the full samples, the precision of the cohort impact estimates is less. The early cohorts in Alameda and Butte are the smallest, and the impact estimates in those counties should be considered of somewhat lower reliability relative to the others.[25]

To summarize, the graphs in Figure 4.2 suggest that earnings impacts for the full sample will in all likelihood continue after year 3. If so, then the total earnings impact of GAIN will continue to improve relative to its own three-year earnings impacts. For AFDC impacts, the graphs suggest some tapering off from about the middle of year 2 onward for counties with the largest AFDC impacts. This decline continues in year 3 and the observable part of year 4. The decrease is not sharp, however, and the trends suggest that cumulative AFDC savings for AFDC-FGs appear likely to increase significantly with additional follow-up.

Both Alameda and Butte show growth in earnings impacts over time for their full samples. The impacts for their early cohorts look quite similar to those for their full samples through the end of year 3 and may continue growing beyond that point. If so, these counties (especially Butte) could, by year 4, approach the $1,000 annual impact level estimated for Riverside in year 3. In Riverside, however, earnings impacts appear to have leveled off by year 3. The early cohort earnings impacts grow from quarters 10 through 18, but the full sample shows a slight decline after quarter 10. Los Angeles does not show any movement toward significant earnings impacts, in either the full sample or the early cohort. As already indicated, earnings impacts in Tulare show a sudden increase beginning in quarter 9. Both the full sample and the early cohort show similar, steady movement upward through year 3, and the result for the extra quarters of the early cohort suggest that this movement may continue in year 4.

San Diego did not show growth in earnings impacts in year 3 or year 4, in the full sample or the early cohort. Earnings impacts for the full sample held steady at about $200 per quarter ($800 per year) in year 3, but dropped by almost half in year 4. Interestingly, the early cohort impacts on earnings and AFDC payments in San Diego are about as large as Riverside's full sample and early cohort impacts, as shown in Figure 4.2. In addition, the early cohort earnings impact in San Diego does not drop from year 3 to year 4. Impacts for the later cohort were much weaker than those for the early cohort. Thus, in Figure 4.2, the full sample curves for San Diego are much closer to zero than the early cohort curves. The reason for this difference in impacts across cohorts in San Diego is not clear. One possibility is that it represents chance variation. A second possibility is that it is the product of a change over time in the operation of the program (e.g., an increase in the availability of basic education slots over time) or a change in local economic conditions. The difference does not appear to arise from a change in the types of people entering the sample in San Diego, since both cohorts had quite similar characteristics. Some further results pertaining to early cohorts in San Diego and Riverside are presented in the next section.

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[25] The date dividing an early cohort from a late cohort within a county is arbitrary, selected for this analysis without regard to any changes in the program over time. The object in defining cohorts in each county was to maximize the length of follow-up for the early cohort without leaving only a few sample members in it. Cohort dates differ across counties. Early and late cohorts may differ in demographic characteristics or in the labor markets they faced after random assignment. Both of these differences may have contributed to differences in impacts.

AFDC impact curves show similar shapes in Butte, Los Angeles, and San Diego. Experimental-control differences peak in year 2 (in quarter 4 in Riverside) and then decline gradually. Riverside's AFDC impacts still appear to continue as the largest, even at quarter 14, since neither the full sample nor the early cohort shows a sharp decrease after the peak. The early cohort in Riverside does not differ much from the full sample and is still at about $150 in savings per quarter ($600 per year) in year 4. In contrast, Butte, Los Angeles, and San Diego are all in the $50 to $100 per quarter range ($300 to $400 per year) in year 4. Alameda, unlike the other counties, does not show a clear peak for the full sample, and the early cohort does not suggest a peak in year 4. AFDC impacts in Tulare did not emerge in year 3 when earnings impacts started, but the curves for the full sample and early cohort do not definitely rule out such impacts showing up later.

## VII. Three-Year Impacts for Subgroups

It is possible that only certain types of GAIN registrants may be influenced by the various services they are offered by GAIN and the program's participation requirement, thus affecting the magnitude of the program's impacts. This section begins with an examination of GAIN's impacts on sample members determined by the program to need or not need basic education – the two major subgroups of the research sample. The section then presents the impacts for subgroups defined by AFDC history, employment records, ethnicity, and other characteristics. Subgroups are identified using information collected for each sample member *before* the individual was randomly assigned, making it possible to create subgroups for both experimentals and controls in the same fashion. For this reason, the impacts computed for these subgroups are unbiased, true experimental estimates.

To summarize, the results of the subgroup analysis indicate that the impacts of GAIN for AFDC-FGs were not limited by any particular subgroup or subgroups. In four counties, earnings impacts were larger for GAIN registrants deemed not to need basic education than for those deemed to need it, while the opposite pattern was found in two others. There was no consistent tendency across the counties for AFDC impacts to be larger for one group than for the other. In addition, the cross-county distribution of subgroups did not account for county differences in impacts. In particular, the small earnings impacts for Los Angeles were not associated with the high proportion of blacks and Hispanics, the presence of a refugee minority, or the sizable minority with limited English proficiency. The large impacts in Riverside were associated with that county's ability to obtain impacts without regard to background characteristics.

Barriers to employment did not make it impossible for GAIN to achieve impacts on certain subgroups. Impacts were found for subgroups with long welfare histories, weak prior employment, or larger numbers of children. At the same time, however, earnings impacts were relatively poor for a "more disadvantaged" subgroup, defined as sample members with more than two years' previous receipt of AFDC, no employment in the year preceding random assignment, and no high school diploma. Larger earnings impacts for this group may be problematic owing to severe skills deficits and multiple barriers to employment. It should be noted, however, that Riverside was able to achieve large impacts on earnings and AFDC payments for this subgroup, which contributed to that county's overall large impact.

Some individual subgroup results are worthy of mention. The relatively large earnings impacts for blacks in Alameda are significant because that sample was drawn from a long-term AFDC population in a major inner-city area. In fact, blacks, along with whites, had some of the largest impacts generally. On the other hand, it is not clear that the Asian/other category experienced much lasting impact from GAIN.

In judging the magnitude of subgroup impacts, the estimates will sometimes be compared to the full sample mean (average) impact for all counties combined, with all counties weighted equally. For earnings impacts in year 3, this amount was approximately $600; for AFDC impacts, approximately $300 (see Table 4.1).

Two kinds of statistical tests were applied to subgroup impact estimates. The first was the usual test for the statistical significance of the experimental-control difference (i.e., the impact); the results are shown in the tables. The second was a test of the variation in impacts across subgroups in a county. Where there were two subgroups (e.g., sample members deemed not to need or to need basic education), this second test determined whether the amount of difference in the two impact estimates was likely to have occurred by chance. In categories with three or more subgroups (e.g., the "level of disadvantage" category, which includes four subgroups), the second test did not look at differences between *pairs* of subgroups, but did determine whether the variation in the set of impacts for *all* of the subgroups in that category was likely to have arisen by chance. This second test is discussed in notes where appropriate.

The number of experimentals and controls in each subgroup is smaller than the number in the full county sample. As with the cohort analysis, this reduction in sample size makes the impact estimates for subgroups less reliable than impact estimates for the full sample. At times, impact amounts that were statistically significant for the full sample will not be statistically significant for a subgroup. In some cases, which are flagged in the tables, the reliability of an estimate for a small subgroup should be considered very low, even though some of these subgroups may be mentioned in the discussion.

### A. Assessed Need for Basic Education

GAIN registrants vary substantially in their educational attainment and work skills, and the GAIN program model explicitly recognizes that different kinds of services might be appropriate for individuals depending on these differences. As previously discussed, one of the most innovative features of GAIN is the allocation of substantial resources to provide basic education to registrants who are judged to need it. An earlier report examined educational impacts for the group judged in need of basic education in five of the six GAIN research counties (excluding Butte).[26] That report found impacts on GED attainment that were very large in Tulare, large in Alameda, modest in San Diego, and small in Los Angeles and Riverside. It found large gains in achievement test scores in San Diego, but no measurable test score gains in any of the other four counties.

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[26] Martinson and Friedlander, 1994.

Because GAIN placed so much emphasis on basic education, it is important to determine whether the subgroups of GAIN registrants who were deemed to need basic education experienced impacts on employment and welfare receipt. Earlier impact reports had too little follow-up data to provide a complete picture of the effects of education, the impacts of which, if any, are expected to build up slowly but may last a long time. The three years of data now available may still be too short, as suggested by the recent appearance of earnings impacts in Tulare and by results from five-year follow-up in other evaluations.[27] More than three years' follow-up will be needed for a full assessment of GAIN's effect on those deemed to need basic education and for a comparison of results for them with results for those deemed not to need basic education.

Tables 4.4 and 4.5 present the impacts of GAIN for AFDC-FGs by county, separately for the portions of the samples determined by GAIN not to need and to need basic education. GAIN registrants were determined to need basic education if they (1) did not have a high school diploma or GED or (2) scored low on either the reading or mathematics part of the CASAS test or (3) were not proficient in English.

The *mix* of subgroups differed substantially across counties. Less than half of the AFDC-FG sample in Butte were judged to need basic education. The typical figure in other counties was close to two-thirds; in Los Angeles, it was over 80 percent. For the counties as a group, the preponderance of the in-need subgroup, combined with their somewhat higher average AFDC payments, means that this subgroup accounted for the bulk of all AFDC expenditures that would have been incurred for the GAIN research samples in the absence of GAIN.

Subgroup sample sizes for Tables 4.4 and 4.5 were at times small and yield less precise dollar values for impact estimates in some counties. The least precise dollar amounts are those for both subgroups in Butte and for the not-in-need subgroup in Alameda.

Impacts on earnings and AFDC payments were found for both education subgroups. Earnings impacts over three years appeared larger for sample members judged not to need basic education than for those judged to need it. In four counties – Alameda, Los Angeles, Riverside, and San Diego – the dollar amounts of the three-year earnings impacts were larger for the not-in-need subgroup; but in Butte and Tulare, the in-need subgroup obtained the larger earnings impacts. By year 3, the growth in earnings impacts began to level off or reached a peak for both subgroups in most of the counties. In Tulare, sharp increases in earnings impacts from year 2 to year 3 were observed for both the not-in-need and the in-need subgroups. It was only for the in-need subgroup that the earnings impacts attained a moderate level and became statistically significant.[28]

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[27] In particular, in the evaluation of the Baltimore Options program, which offered some education and training, it was not until follow-up year 5 that earnings impacts substantially exceeded those of some other, less intensive programs. See Friedlander and Burtless, forthcoming.

[28] The difference in three-year earnings gains across the education subgroups was statistically significant at the 5 percent level in Alameda, Los Angeles, San Diego, and Tulare; the differences in Butte and Riverside were not statistically significant.

## TABLE 4.4

## GAIN's THREE–YEAR IMPACTS ON EARNINGS AND AFDC PAYMENTS FOR AFDC–FG REGISTRANTS DETERMINED NOT TO NEED BASIC EDUCATION

| | Average Total Earnings | | | | Average Total AFDC Payments | | | |
|---|---|---|---|---|---|---|---|---|
| County and Year | Experimentals ($) | Controls ($) | Difference ($) | Percentage Change | Experimentals ($) | Controls ($) | Difference ($) | Percentage Change |
| **Alameda** | | | | | | | | |
| Year 1 | 2094 | 1422 | 672 * | 47% | 6518 | 6519 | −1 | −0% |
| Year 2 | 3374 | 2365 | 1008 | 43% | 5403 | 5441 | −38 | −1% |
| Year 3 | 4628 | 3361 | 1267 | 38% | 4456 | 4550 | −94 | −2% |
| Total | 10096 | 7149 | 2947 * | 41% | 16377 | 16510 | −133 | −1% |
| Sample size (total = 417) | | | | | | | | |
| **Butte** | | | | | | | | |
| Year 1 | 2320 | 2166 | 154 | 7% | 5216 | 4816 | 400 | 8% |
| Year 2 | 3786 | 3412 | 374 | 11% | 3656 | 3299 | 357 | 11% |
| Year 3 | 4808 | 4391 | 418 | 10% | 2623 | 2394 | 229 | 10% |
| Total | 10914 | 9969 | 946 | 9% | 11496 | 10510 | 986 | 9% |
| Sample size (total = 629) | | | | | | | | |
| **Los Angeles** | | | | | | | | |
| Year 1 | 2463 | 2262 | 201 | 9% | 6189 | 6880 | −692 *** | −10% |
| Year 2 | 3270 | 2736 | 534 | 20% | 4985 | 5779 | −794 *** | −14% |
| Year 3 | 3556 | 3144 | 412 | 13% | 4060 | 4769 | −709 *** | −15% |
| Total | 9289 | 8142 | 1147 | 14% | 15234 | 17429 | −2194 *** | −13% |
| Sample size (total = 853) | | | | | | | | |
| **Riverside** | | | | | | | | |
| Year 1 | 3304 | 2105 | 1199 *** | 57% | 4591 | 5274 | −682 *** | −13% |
| Year 2 | 4731 | 3268 | 1464 *** | 45% | 3058 | 3749 | −691 *** | −18% |
| Year 3 | 5120 | 3834 | 1287 *** | 34% | 2386 | 3079 | −693 *** | −23% |
| Total | 13156 | 9206 | 3950 *** | 43% | 10035 | 12102 | −2067 *** | −17% |
| Sample size (total = 2194) | | | | | | | | |
| **San Diego** | | | | | | | | |
| Year 1 | 3403 | 2771 | 632 ** | 23% | 4985 | 5301 | −317 ** | −6% |
| Year 2 | 5045 | 3861 | 1185 *** | 31% | 3444 | 4000 | −556 *** | −14% |
| Year 3 | 5618 | 4395 | 1223 *** | 28% | 2824 | 3230 | −405 *** | −13% |
| Total | 14067 | 11026 | 3040 *** | 28% | 11253 | 12531 | −1278 *** | −10% |
| Sample size (total = 3612) | | | | | | | | |
| **Tulare** | | | | | | | | |
| Year 1 | 2521 | 3136 | −614 * | −20% | 5853 | 5522 | 331 | 6% |
| Year 2 | 4002 | 4235 | −233 | −5% | 4465 | 4256 | 208 | 5% |
| Year 3 | 4987 | 4774 | 212 | 4% | 3473 | 3469 | 4 | 0% |
| Total | 11510 | 12145 | −635 | −5% | 13791 | 13247 | 543 | 4% |
| Sample size (total = 780) | | | | | | | | |

SOURCE AND NOTES: See Table 4.1.

## TABLE 4.5

## GAIN's THREE-YEAR IMPACTS ON EARNINGS AND AFDC PAYMENTS FOR AFDC-FG REGISTRANTS DETERMINED TO NEED BASIC EDUCATION

| | Average Total Earnings | | | | Average Total AFDC Payments | | | |
|---|---|---|---|---|---|---|---|---|
| County and Year | Experimentals ($) | Controls ($) | Difference ($) | Percentage Change | Experimentals ($) | Controls ($) | Difference ($) | Percentage Change |
| **Alameda** | | | | | | | | |
| Year 1 | 1071 | 1092 | -21 | -2% | 7139 | 7342 | -202 | -3% |
| Year 2 | 1467 | 1238 | 229 | 19% | 6049 | 6399 | -350 * | -5% |
| Year 3 | 1898 | 1496 | 402 | 27% | 5092 | 5575 | -483 ** | -9% |
| Total | 4436 | 3826 | 610 | 16% | 18280 | 19316 | -1036 ** | -5% |
| Sample size (total = 788) | | | | | | | | |
| **Butte** | | | | | | | | |
| Year 1 | 1686 | 1179 | 507 * | 43% | 5039 | 6243 | -1204 *** | -19% |
| Year 2 | 2214 | 1243 | 972 ** | 78% | 3770 | 4898 | -1128 *** | -23% |
| Year 3 | 2453 | 1340 | 1113 ** | 83% | 3000 | 3906 | -906 ** | -23% |
| Total | 6354 | 3762 | 2592 *** | 69% | 11809 | 15047 | -3239 *** | -22% |
| Sample size (total = 600) | | | | | | | | |
| **Los Angeles** | | | | | | | | |
| Year 1 | 1031 | 1066 | -35 | -3% | 7035 | 7288 | -252 *** | -3% |
| Year 2 | 1327 | 1299 | 28 | 2% | 5883 | 6197 | -314 *** | -5% |
| Year 3 | 1557 | 1444 | 113 | 8% | 4890 | 5063 | -173 | -3% |
| Total | 3916 | 3809 | 107 | 3% | 17809 | 18547 | -739 *** | -4% |
| Sample size (total = 3543) | | | | | | | | |
| **Riverside** | | | | | | | | |
| Year 1 | 1919 | 1181 | 738 *** | 63% | 5213 | 5890 | -677 *** | -11% |
| Year 2 | 2551 | 1528 | 1023 *** | 67% | 3725 | 4424 | -700 *** | -16% |
| Year 3 | 2533 | 1699 | 834 *** | 49% | 3181 | 3690 | -509 *** | -14% |
| Total | 7003 | 4408 | 2595 *** | 59% | 12119 | 14004 | -1886 *** | -13% |
| Sample size (total = 3314) | | | | | | | | |
| **San Diego** | | | | | | | | |
| Year 1 | 1719 | 1645 | 74 | 5% | 5957 | 6239 | -281 ** | -5% |
| Year 2 | 2287 | 2018 | 269 | 13% | 4790 | 5215 | -426 *** | -8% |
| Year 3 | 2404 | 2174 | 230 | 11% | 4127 | 4440 | -313 ** | -7% |
| Total | 6410 | 5837 | 572 | 10% | 14874 | 15894 | -1020 *** | -6% |
| Sample size (total = 4607) | | | | | | | | |
| **Tulare** | | | | | | | | |
| Year 1 | 1406 | 1283 | 123 | 10% | 6641 | 6603 | 39 | 1% |
| Year 2 | 1761 | 1586 | 174 | 11% | 5476 | 5419 | 57 | 1% |
| Year 3 | 2107 | 1417 | 690 *** | 49% | 4552 | 4704 | -152 | -3% |
| Total | 5274 | 4286 | 987 ** | 23% | 16670 | 16726 | -56 | -0% |
| Sample size (total = 1454) | | | | | | | | |

SOURCE AND NOTES: See Table 4.1.

There was no clear tendency for AFDC impacts to be larger for one group than the other. Numerically, AFDC reductions were larger for the not-in-need subgroup in Los Angeles, but for the in-need subgroup in Alameda and Butte. AFDC impacts were similar for both subgroups in Riverside and San Diego. In these five counties, AFDC impacts did not increase from year 1 to year 2 for either subgroup as much as did earnings impacts, and by year 3 the AFDC impacts were beginning to show some decline in most cases. Tulare produced AFDC impacts for neither subgroup.[29]

The finding that San Diego's in-need subgroup had smaller impacts than did the in-need subgroup in Riverside is especially notable given the fact that two counties had early cohort earnings effects for AFDC-FGs that were quite similar when both education subgroups were combined, as discussed in the previous section. Yet, even when the comparison is limited to the in-need subgroup of each county's *early* cohort, Riverside's earnings effects remain larger. For example, the three-year earnings impacts were $1,074 in San Diego and $2,347 in Riverside, both statistically significant (not shown in tables). It appears, therefore, that despite the similarity of the overall earnings impacts for the early cohorts in San Diego and Riverside, the GAIN programs in the two counties may have affected their two basic education subgroups in different ways.

It is of interest to see whether impacts on earnings and AFDC payments for the in-need subgroup were linked to education impacts (i.e., impacts on receipt of a GED and on TALS scores). Did the in-need subgroup obtain large education effects and large impacts on earnings and AFDC payments in the same counties? The answer to this question appears to be no, although there is considerable uncertainty surrounding it. In Riverside, the in-need subgroup had among the smallest education impacts, but had large impacts on earnings and AFDC payments. Conversely, in Alameda, San Diego, and Tulare, the in-need subgroup had relatively large education impacts, but had much smaller impacts on earnings and AFDC payments than did the same subgroup in Riverside. Unfortunately, there are no data on education outcomes for Butte, where the in-need subgroup obtained large impacts on earnings and AFDC payments. If the in-need subgroup in Butte had been found to have achieved large education impacts, that would affect conclusions about the link between education impacts and impacts on earnings and AFDC payments.[30] Nevertheless, the results in Riverside do suggest that large impacts on earnings and AFDC payments can be obtained for the in-need subgroup, under certain conditions, without impacts on GED or TALS scores. (See Chapter 8 for further discussion of this issue.)

## B. Past Welfare Receipt and Prior Earnings

One of the most important ways in which GAIN registrants differ from one another is in whether, and for how long, they have previously received AFDC. Evidence from past research indicates that such differences are strongly associated with future AFDC receipt: Individuals with several years of previous AFDC receipt are more likely to be on AFDC in the future than are individuals who have just started receiving AFDC. The former group – long-term recipients – may have greater *potential* to be a source of welfare savings simply because they are likely to remain on welfare longer in the absence of special services. However, long-term recipients often have severe skills deficits and other barriers to employment that the welfare-to-work program might not be able to overcome. Their greater potential for welfare savings may therefore not be realized in practice. For this reason, it is of considerable interest to calculate actual impacts for subgroups with short and long welfare histories. Impacts for long-term recipients are also of interest because that subgroup is specifically targeted for priority attention by GAIN and JOBS.

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[29] With regard to three-year AFDC savings, the differences across the two education subgroups in Butte and Los Angeles were both statistically significant at the 5 percent level, but these differences were not statistically significant in the other counties.

[30] There are other uncertainties as well. It is possible that the particular education outcomes measured – receipt of a GED and scores on the TALS literacy test – may not reflect the aspects of GAIN basic education most relevant to success in the labor market. It is also possible that the full impact of education may show up only with longer follow-up.

There is another reason for a subgroup analysis by length of welfare history. The counties studied for this report differed greatly in the manner in which they targeted GAIN services. Alameda and Los Angeles worked exclusively with long-term AFDC recipients during the period of sample intake: in Alameda, individuals who had been receiving AFDC *continuously* for more than two years; in Los Angeles, for three years or more. Also, Alameda called into the program first those who had been on welfare the longest. The other counties worked with a mix of short- and long-termers. These cross-county differences may have contributed to differences in impacts, and separate impact estimates for long-term recipients may reveal similarities across counties that were not apparent earlier.

Three subgroups were defined for this analysis. The first consists of sample members who were applying for AFDC at the time they were referred to GAIN. This group will be called "applicants," even though most of its members became AFDC recipients during the follow-up period. The applicant group contains some individuals who had never been on AFDC before and some who were returning to AFDC after a period off the rolls. On average, however, this group had the shortest AFDC histories. The second group consists of sample members who were receiving AFDC at the time they were referred to GAIN but had a total AFDC history of two years or less (i.e., during their whole lives, they had been on AFDC, on their own or their spouse's case, for a total of two years or less). This group will be called "short-term recipients." The third group were also receiving AFDC at the time they were referred to GAIN, but they had more than two years of lifetime AFDC receipt (on their own or their spouse's case). This third group will be referred to as "long-term recipients."

The first panel of Table 4.6 presents results for welfare history subgroups for each county. Because Alameda and Los Angeles worked only with long-term recipients, the table shows results only for that subgroup, and these estimates are identical to those shown in Table 4.1 for the full samples in those two counties. In the other counties, splitting the samples into three parts reduces the number of experimentals and controls available for each subgroup impact estimate. The sample is particularly small and yields unreliable estimates for the middle subgroup (i.e., short-term recipients) in Butte. Also of below-average reliability are the dollar amounts of estimates for the top and bottom groups in Butte and the top group in Tulare. As in other subgroup impact tables in this report, impacts for very small samples are flagged with the symbol "u" to indicate that these estimates are of low reliability.[31]

Because applicants who were not approved for AFDC were generally not randomly assigned and did not enter the research samples, there were relatively few applicants in the GAIN samples compared to some earlier studies. Butte had the highest percentage of applicants, 60 percent of its sample. Riverside and San Diego had much lower percentages (31 and 28 percent, respectively),

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[31] See the discussion in Section II of this chapter.

## TABLE 4.6

## GAIN's THIRD–YEAR IMPACTS ON EARNINGS AND AFDC PAYMENTS FOR SELECTED SUBGROUPS OF AFDC–FG REGISTRANTS

| Subgroup and County | Total Sample Size | Average Total Earnings, Year 3 | | | Average Total AFDC Payments, Year 3 | | |
|---|---|---|---|---|---|---|---|
| | | Experimentals ($) | Controls ($) | Difference ($) | Experimentals ($) | Controls ($) | Difference ($) |
| **Welfare history (a)** | | | | | | | |
| Applicant | | | | | | | |
| Butte | 739 | 4128 | 3677 | 451 | 2407 | 2609 | −202 |
| Riverside | 1687 | 3829 | 2588 | 1241 *** | 2329 | 2708 | −379 * |
| San Diego | 2301 | 4598 | 3436 | 1162 ** | 2786 | 2918 | −132 |
| Tulare | 309 | 4085 | 4161 | −77 | 2960 | 2974 | −14 |
| Short–term recipient | | | | | | | |
| Butte | 142 | 3531 | 2088 | 1442 u | 2799 | 3428 | −629 u |
| Riverside | 1638 | 3678 | 2761 | 917 ** | 2705 | 3459 | −754 *** |
| San Diego | 2532 | 4225 | 3144 | 1082 *** | 3191 | 3589 | −398 ** |
| Tulare | 630 | 3713 | 3572 | 141 | 3600 | 3496 | 104 |
| Long–term recipient | | | | | | | |
| Alameda | 1205 | 2880 | 2105 | 774 ** | 4861 | 5232 | −371 ** |
| Butte | 348 | 2683 | 1828 | 855 | 3672 | 3986 | −313 |
| Los Angeles | 4396 | 1939 | 1786 | 153 | 4729 | 5006 | −277 ** |
| Riverside | 2183 | 3299 | 2242 | 1056 *** | 3395 | 4030 | −635 *** |
| San Diego | 3386 | 3002 | 2844 | 158 | 4347 | 4841 | −495 *** |
| Tulare | 1295 | 2582 | 1739 | 844 *** | 4732 | 4996 | −264 |
| **Received AFDC continuously for at least 6 years prior to GAIN orientation (b)** | | | | | | | |
| No | | | | | | | |
| Alameda | 399 | 3719 | 2587 | 1132 * | 4354 | 4860 | −506 |
| Butte | 1066 | 3901 | 3300 | 600 | 2672 | 2945 | −273 |
| Riverside | 4241 | 3788 | 2777 | 1011 *** | 2624 | 3177 | −553 *** |
| San Diego | 6500 | 4084 | 3416 | 668 *** | 3276 | 3631 | −355 *** |
| Tulare | 1496 | 3673 | 3112 | 561 * | 3715 | 3778 | −63 |
| Yes | | | | | | | |
| Alameda | 806 | 2461 | 1862 | 599 | 5114 | 5418 | −304 |
| Butte | 163 | 1918 | 985 | 932 u | 3723 | 4124 | −401 u |
| Riverside | 1267 | 2799 | 1825 | 973 ** | 3677 | 4312 | −634 *** |
| San Diego | 1719 | 2825 | 1933 | 892 * | 4611 | 4950 | −339 |
| Tulare | 738 | 1968 | 1553 | 415 | 5097 | 5302 | −205 |

(continued)

## TABLE 4.6 (continued)

| Subgroup and County | Total Sample Size | Average Total Earnings, Year 3 | | | Average Total AFDC Payments, Year 3 | | |
|---|---|---|---|---|---|---|---|
| | | Experimentals ($) | Controls ($) | Difference ($) | Experimentals ($) | Controls ($) | Difference ($) |
| **Employed in year prior to GAIN orientation** | | | | | | | |
| Yes | | | | | | | |
| Alameda | 290 | 4366 | 4315 | 51 | 4202 | 4669 | -467 |
| Butte | 577 | 5528 | 3617 | 1911 *** | 2381 | 2722 | -341 |
| Los Angeles | 961 | 3875 | 4252 | -377 | 4258 | 4463 | -206 |
| Riverside | 2177 | 5071 | 4047 | 1024 *** | 2460 | 3015 | -554 *** |
| San Diego | 3604 | 5345 | 4558 | 787 ** | 3082 | 3365 | -283 * |
| Tulare | 940 | 4848 | 4193 | 654 * | 3622 | 3628 | -6 |
| No | | | | | | | |
| Alameda | 915 | 2397 | 1398 | 999 ** | 5068 | 5409 | -341 |
| Butte | 652 | 1965 | 2421 | -456 | 3193 | 3437 | -245 |
| Los Angeles | 3435 | 1397 | 1094 | 303 * | 4861 | 5158 | -297 ** |
| Riverside | 3331 | 2576 | 1575 | 1001 *** | 3128 | 3732 | -604 *** |
| San Diego | 4615 | 2631 | 1978 | 653 ** | 3924 | 4335 | -411 *** |
| Tulare | 1294 | 1851 | 1433 | 418 | 4570 | 4760 | -190 |
| **Level of disadvantage** | | | | | | | |
| First-time applicant | | | | | | | |
| Butte | 296 | 4224 | 3560 | 664 u | 1942 | 2635 | -692 u |
| Riverside | 410 | 3982 | 2147 | 1835 ** | 2055 | 3124 | -1070 ** |
| San Diego | 418 | 5286 | 4017 | 1269 u | 2620 | 2837 | -218 u |
| Tulare | 96 | 5072 | 4213 | 858 u | 2845 | 3472 | -627 u |
| Returning applicant | | | | | | | |
| Butte | 443 | 4045 | 3833 | 212 | 2721 | 2583 | 137 |
| Riverside | 1277 | 3766 | 2796 | 970 ** | 2413 | 2581 | -167 |
| San Diego | 1883 | 4449 | 3286 | 1163 ** | 2821 | 2947 | -126 |
| Tulare | 213 | 3745 | 3835 | -90 u | 3029 | 2780 | 249 u |
| Less disadvantaged recipient | | | | | | | |
| Alameda | 796 | 3695 | 2623 | 1072 ** | 4555 | 4941 | -385 * |
| Butte | 355 | 3623 | 2328 | 1295 | 3229 | 3689 | -459 |
| Los Angeles | 2074 | 2995 | 2848 | 147 | 4443 | 4915 | -473 *** |
| Riverside | 2978 | 4005 | 3075 | 929 *** | 2824 | 3529 | -705 *** |
| San Diego | 4687 | 4124 | 3468 | 656 ** | 3494 | 3900 | -406 *** |
| Tulare | 1395 | 3659 | 3034 | 625 * | 4036 | 4137 | -101 |
| More disadvantaged recipient | | | | | | | |
| Alameda | 409 | 1318 | 1117 | 201 | 5459 | 5792 | -333 |
| Butte | 135 | 1041 | 947 | 94 u | 3917 | 4252 | -335 u |
| Los Angeles | 2322 | 993 | 845 | 148 | 4986 | 5078 | -92 |
| Riverside | 843 | 1487 | 548 | 939 * | 4083 | 4639 | -556 * |
| San Diego | 1231 | 1203 | 1206 | -3 | 5230 | 5762 | -532 * |
| Tulare | 530 | 1045 | 631 | 414 | 5221 | 5471 | -249 |

(continued)

## TABLE 4.6 (continued)

| Subgroup and County | Total Sample Size | Average Total Earnings, Year 3 | | | Average Total AFDC Payments, Year 3 | | |
|---|---|---|---|---|---|---|---|
| | | Experimentals ($) | Controls ($) | Difference ($) | Experimentals ($) | Controls ($) | Difference ($) |
| **Ethnicity** | | | | | | | |
| White, non-Hispanic | | | | | | | |
| Alameda | 216 | 2804 | 3072 | -268 | 4219 | 4500 | -281 |
| Butte | 1061 | 3689 | 2980 | 709 | 2806 | 2903 | -97 |
| Los Angeles | 512 | 2509 | 2161 | 347 | 3838 | 4279 | -441 |
| Riverside | 2847 | 3689 | 2340 | 1349 *** | 2436 | 3245 | -809 *** |
| San Diego | 3478 | 4536 | 3333 | 1203 *** | 2908 | 3252 | -344 ** |
| Tulare | 1165 | 3423 | 2957 | 467 | 3650 | 3780 | -130 |
| Black, non-Hispanic | | | | | | | |
| Alameda | 844 | 2987 | 1967 | 1020 ** | 5106 | 5418 | -311 |
| Butte | 43 | 3379 | 4794 | -1415 u | 2195 | 4919 | -2724 u** |
| Los Angeles | 1987 | 2106 | 2226 | -121 | 4852 | 5260 | -408 *** |
| Riverside | 862 | 3959 | 3389 | 570 | 3191 | 3815 | -624 ** |
| San Diego | 1865 | 3545 | 2971 | 573 | 3651 | 4187 | -536 ** |
| Tulare | 81 | 2376 | 147 | 2229 u* | 4003 | 4728 | -725 u |
| Hispanic | | | | | | | |
| Alameda | 90 | 3205 | 1674 | 1531 u | 4262 | 5690 | -1428 u** |
| Butte | 69 | 5475 | 3871 | 1605 u | 2881 | 3484 | -603 u |
| Los Angeles | 1408 | 1817 | 1480 | 337 | 4766 | 4929 | -162 |
| Riverside | 1510 | 3383 | 2462 | 920 ** | 3501 | 3823 | -322 |
| San Diego | 2094 | 3354 | 3286 | 68 | 4193 | 4313 | -120 |
| Tulare | 871 | 3004 | 2578 | 427 | 4750 | 4819 | -70 |
| Asian and other | | | | | | | |
| Alameda | 55 | 832 | 989 | -157 u | 4756 | 4732 | 24 u |
| Butte | 56 | 630 | 1155 | -525 u | 3331 | 5667 | -2335 u* |
| Los Angeles | 489 | 1012 | 488 | 524 | 5050 | 4960 | 91 |
| Riverside | 289 | 2062 | 2673 | -612 u | 2787 | 2401 | 385 u |
| San Diego | 782 | 2555 | 2155 | 400 | 4491 | 5024 | -533 |
| Tulare | 117 | 1326 | 833 | 493 u | 5162 | 5017 | 145 u |

(continued)

## TABLE 4.6 (continued)

| Subgroup and County | Total Sample Size | Average Total Earnings, Year 3 Experimentals ($) | Average Total Earnings, Year 3 Controls ($) | Average Total Earnings, Year 3 Difference ($) | Average Total AFDC Payments, Year 3 Experimentals ($) | Average Total AFDC Payments, Year 3 Controls ($) | Average Total AFDC Payments, Year 3 Difference ($) |
|---|---|---|---|---|---|---|---|
| **Limited English proficiency** | | | | | | | |
| No | | | | | | | |
| Alameda | 1188 | 2928 | 2129 | 799 ** | 4870 | 5238 | −368 ** |
| Butte | 1194 | 3723 | 3064 | 659 | 2810 | 3035 | −226 |
| Los Angeles | 3248 | 2231 | 2099 | 132 | 4678 | 4957 | −278 ** |
| Riverside | 5201 | 3657 | 2603 | 1054 *** | 2819 | 3496 | −677 *** |
| San Diego | 7590 | 4007 | 3269 | 738 *** | 3441 | 3821 | −380 *** |
| Tulare | 2066 | 3242 | 2722 | 520 * | 4095 | 4162 | −68 |
| Yes | | | | | | | |
| Alameda | 17 | 9 | 228 | −218 u | 4232 | 4878 | −646 u |
| Butte | 35 | 792 | 447 | 346 u | 2883 | 5674 | −2791 u* |
| Los Angeles | 1148 | 1112 | 903 | 210 | 4874 | 5144 | −270 |
| Riverside | 307 | 1962 | 1689 | 273 u | 3638 | 2622 | 1016 u** |
| San Diego | 629 | 1575 | 1168 | 407 | 4926 | 4945 | −19 |
| Tulare | 168 | 1506 | 1012 | 494 | 5104 | 5760 | −656 u |
| **Refugee** | | | | | | | |
| No | | | | | | | |
| Alameda | 1166 | 2937 | 2177 | 760 ** | 4870 | 5225 | −355 * |
| Butte | 1061 | 3715 | 3187 | 528 | 2670 | 2889 | −219 |
| Los Angeles | 3897 | 2057 | 1948 | 108 | 4706 | 5015 | −309 *** |
| Riverside | 5364 | 3613 | 2549 | 1064 *** | 2870 | 3490 | −620 *** |
| San Diego | 7817 | 3915 | 3185 | 730 *** | 3465 | 3778 | −313 *** |
| Tulare | 2144 | 3195 | 2664 | 531 ** | 4162 | 4235 | −73 |
| Yes | | | | | | | |
| Alameda | 39 | 1162 | 34 | 1129 u | 4642 | 5357 | −714 u |
| Butte | 168 | 3147 | 1639 | 1508 u | 3691 | 4607 | −915 u |
| Los Angeles | 499 | 1026 | 499 | 527 | 4902 | 4944 | −42 |
| Riverside | 144 | 1649 | 2919 | −1270 u | 2638 | 1788 | 850 u |
| San Diego | 402 | 1994 | 1706 | 289 u | 5290 | 6718 | −1428 u*** |
| Tulare | 90 | 1211 | 718 | 494 u | 4461 | 5448 | −987 u |

(continued)

## TABLE 4.6 (continued)

| Subgroup and County | Total Sample Size | Average Total Earnings, Year 3 | | | Average Total AFDC Payments, Year 3 | | |
|---|---|---|---|---|---|---|---|
| | | Experimentals ($) | Controls ($) | Difference ($) | Experimentals ($) | Controls ($) | Difference ($) |
| **Participating in education or training program at time of GAIN orientation** | | | | | | | |
| Yes | | | | | | | |
| Alameda | 168 | 4532 | 3738 | 795 u | 4860 | 4389 | 472 u |
| Butte | 254 | 5185 | 4554 | 631 u | 3080 | 3125 | −45 u |
| Los Angeles | 325 | 3896 | 3604 | 292 | 4418 | 4943 | −525 |
| Riverside | 864 | 6157 | 4881 | 1276 ** | 2409 | 2776 | −367 |
| San Diego | 1685 | 5348 | 4681 | 667 | 3375 | 3625 | −250 |
| Tulare | 298 | 5237 | 4988 | 249 | 3843 | 4334 | −490 |
| No | | | | | | | |
| Alameda | 1037 | 2609 | 1844 | 764 ** | 4859 | 5365 | −506 ** |
| Butte | 975 | 3244 | 2551 | 692 | 2743 | 3094 | −351 |
| Los Angeles | 4071 | 1784 | 1639 | 145 | 4754 | 5012 | −258 ** |
| Riverside | 4644 | 3092 | 2071 | 1020 *** | 2946 | 3592 | −647 *** |
| San Diego | 6534 | 3429 | 2689 | 740 *** | 3601 | 3984 | −384 *** |
| Tulare | 1936 | 2779 | 2241 | 538 * | 4222 | 4277 | −54 |
| **Number of children at time of GAIN orientation (c)** | | | | | | | |
| One | | | | | | | |
| Alameda | 506 | 2829 | 2471 | 359 | 4086 | 4152 | −66 |
| Butte | 572 | 3744 | 2347 | 1397 ** | 2307 | 2287 | 20 |
| Los Angeles | 1437 | 1968 | 1784 | 184 | 3548 | 3693 | −146 |
| Riverside | 2134 | 3158 | 2842 | 317 | 2226 | 2675 | −449 ** |
| San Diego | 3550 | 3755 | 3632 | 123 | 2733 | 2883 | −150 |
| Tulare | 838 | 3201 | 2523 | 678 | 3018 | 3025 | −7 |
| Two | | | | | | | |
| Alameda | 384 | 3153 | 1883 | 1269 ** | 5050 | 5399 | −349 |
| Butte | 412 | 3767 | 4707 | −940 | 3235 | 3677 | −442 |
| Los Angeles | 1396 | 2277 | 1614 | 663 ** | 4518 | 5115 | −597 *** |
| Riverside | 1826 | 4012 | 2301 | 1711 *** | 2881 | 3498 | −616 *** |
| San Diego | 2619 | 4155 | 2646 | 1509 *** | 3692 | 4270 | −578 *** |
| Tulare | 739 | 3541 | 2853 | 689 | 4022 | 4464 | −442 |
| Three or more | | | | | | | |
| Alameda | 303 | 2699 | 1736 | 963 | 5910 | 6903 | −993 *** |
| Butte | 215 | 3461 | 2311 | 1150 u | 3649 | 4652 | −1003 u* |
| Los Angeles | 1542 | 1598 | 1826 | −229 | 6019 | 6194 | −175 |
| Riverside | 1391 | 3640 | 2429 | 1210 *** | 3948 | 4605 | −657 *** |
| San Diego | 1720 | 3499 | 2585 | 914 * | 5167 | 5636 | −469 ** |
| Tulare | 638 | 2501 | 2362 | 139 | 5878 | 5851 | 27 |

(Continued)

## TABLE 4.6 (continued)

SOURCE: See Table 4.1.

NOTES: See Table 4.1.

The symbol "u" indicates that, because of very small sample sizes, the impact estimate shown is unreliable; asterisks following the symbol indicate that there was a statistically significant effect, though its magnitude could not be reliably measured.

(a) Alameda and Los Angeles did not serve applicants or short-term recipients during the period of sample intake.

(b) Information necessary for classifying GAIN recipients into these two categories was not available from the baseline form used in Los Angeles.

(c) This section excludes sample members who reported having no children.

Variation in impacts across subgroups was statistically significant as follows:

| Subgroup | Earnings | AFDC Payments |
|---|---|---|
| Welfare history | Butte, San Diego | none |
| Received AFDC continuously for at least 6 years prior to GAIN orientation. | none | none |
| Employed in year prior to GAIN orientation | Butte, Los Angeles | none |
| Level of disadvantage | none | Los Angeles |
| Ethnicity | none | Butte, Riverside |
| Limited English proficiency | none | Butte, Riverside |
| Refugee | Riverside | Riverside, San Diego |
| Participating in education or training program at time of GAIN orientation | none | Alameda |
| Number of children at time of GAIN orientation | Los Angeles, Riverside, San Diego | none |

Tulare had very few (14 percent), and Alameda and Los Angeles had none. Across counties, there were large differences in the share of long-term recipients, ranging from a little over one-quarter (28 percent) in Butte, to about 40 percent in Riverside and San Diego, nearly 60 percent in Tulare, and the entire samples in Alameda and Los Angeles.

Welfare history subgroups defined by these objective characteristics do not necessarily behave the same across counties. Of particular interest in this connection are Alameda and Los Angeles, which, as noted above, focused exclusively on long-term recipients. The behavior of controls can reveal what effect this targeting had on the nature of the GAIN caseload in these two counties. As shown in Table 4.6, by year 3, control group average earnings and AFDC payments were similar for the samples in Alameda and Los Angeles. At the same time, controls in these two counties received more AFDC payments in year 3, on average, than did long-term recipient controls in Butte and Riverside, but about as much as those in San Diego and Tulare. Their average earnings in year 3 were similar to those of any long-term recipients in all other counties except San Diego. Consequently, the target groups for Alameda and Los Angeles may have been slightly more attached to AFDC than were the long-term recipients in some other counties, but it is not clear that they were less employable.

The impact estimates shown in Table 4.6 indicate that groups with a long history of welfare receipt can, in fact, experience earnings and AFDC impacts from GAIN. GAIN's impacts on earnings for this group, even though not uniformly strong across all six counties, are of special interest because studies of past welfare-to-work programs, particularly those emphasizing job search and work experience, have not consistently found improved earnings for long-term recipients. In Alameda, year 3 impacts on earnings and AFDC payments for the long-term recipients were in the middle range.[32] For the long-term recipients in Los Angeles, earnings impacts were small, but AFDC impacts were in the middle range. In Riverside, large earnings gains and welfare reductions were obtained for all three welfare history subgroups. In San Diego, earnings impacts were relatively small for the long-term recipients, but AFDC impacts were relatively large. In Butte, the earnings gains and welfare reductions appear to have been concentrated in the two recipient subgroups. In Tulare, the applicant subgroup was small. The earnings impacts in year 3 in Tulare are attributable almost entirely to long-term recipients, who also obtained modest and not statistically significant AFDC reductions.

Table 4.6 next shows impacts for sample members who received AFDC continuously, on their own or their spouse's case, for less than six years and for six years or more at any time prior to GAIN orientation (i.e., the point of random assignment). Los Angeles is not represented in this panel because information about length of prior AFDC receipt was not recorded in that county. Throughout, Table 4.6 displays subgroups that were likely to have the shortest future AFDC spells near the top, and those more likely to receive AFDC for a long time near the bottom.

Sample members with six years or more of continuous AFDC receipt made up about two-thirds of the sample in Alameda (and probably constituted the bulk of the sample in Los Angeles as well). In the other counties, they were a minority, but an important one. The earnings levels of controls in this group were substantially lower than the earnings of controls with less than six years' prior receipt, and their AFDC levels were higher. Both subgroups – sample members with and without six years or more of prior receipt – appear to have obtained impacts on both earnings and AFDC, although most effects were not statistically significant, given the reduced sample sizes available for subgroups.

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[32] See Appendix Table D.9 for impacts on selected subgroups covering the entire three-year follow-up period.

Employment in the year prior to GAIN orientation (random assignment) defined the next set of subgroups in Table 4.6. Sample members with employment in the preceding year were a small minority in Alameda and Los Angeles, but elsewhere those with and without prior employment were more evenly represented. Among controls, earnings levels were substantially lower for those without prior employment. Typically, earnings for controls without recent employment were less than half those of the remainder of the sample. Their AFDC payments were higher, although without such a wide disparity. As was the case for the welfare history subgroups, the prior-year-employment subgroups did not show a clear pattern of impacts favoring one subgroup or the other, for either earnings or AFDC payments.

The level-of-disadvantage subgroup part of Table 4.6 combines data on AFDC history and prior employment and also uses information about completed years of schooling. Applicants are separated into those who were first-time applicants and those who were reapplying to AFDC after a period off the rolls. Recipients are separated into "less disadvantaged" and "more disadvantaged." The "more disadvantaged" category includes recipients who were on AFDC for more than two years, were not employed in the year prior to random assignment, and did not have a high school diploma or GED. The "less disadvantaged" recipient group comprises all other recipients.

First-time applicants are of interest because unlike returning applicants and recipients, members of this group are at the start of their AFDC careers. Lasting effects could, therefore, affect these individuals for a long period of their lives that might otherwise be spent on AFDC. First-time applicants, because they have never been on welfare, are also a group new to welfare-to-work programs, and so may tell us something about the effects of GAIN on sample members who have never before received employment services through the welfare agency. Finally, first-time applicants are a group that would always be found in a GAIN program, even after many years of successful operation. Other groups, such as long-term recipients, could eventually all become participants and in subsequent years would not contribute any new participants to GAIN.[33] Impacts on first-time applicants are therefore an indicator of what the impacts of GAIN might be like after a number of years of operation.

First-time applicants, however, are one of the smallest subgroups, which decreases the precision of the impact estimates. The Alameda and Los Angeles samples included no first-time applicants. This subgroup in Tulare was too small for analysis, and in Butte and San Diego the samples were of a size to produce "unreliable" estimates. Nevertheless, it is interesting to note that year 3 earnings impacts were large for this group in Riverside and San Diego and were about average in Butte, although the estimates were not statistically significant in San Diego or Butte. AFDC impacts were also statistically significant only in Riverside, where they were large. AFDC impacts in Butte were also relatively large, but were not statistically significant. As a percentage of the control group payments, AFDC impacts were 34.2 percent in Riverside and 26.3 percent in Butte. In San Diego, the AFDC impacts were smaller but still represented a 7.7 percent reduction relative to the control group average. These results suggest that GAIN could be an effective intervention even after several years, when a much larger share of new GAIN registrants would be first-time applicants. This conclusion is qualified by the small samples involved, however. It is worth noting that first-time applicants have not generally shown impacts in other program evaluations.[34]

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[33] First-time applicants are not the only subgroup that would be new to GAIN in the long run. Recipients whose youngest child had just aged into the category that determines mandatory status would, in most cases, also be new to GAIN in the long run.

At the other end of the spectrum are the more disadvantaged recipients. As shown by the outcomes for controls, in the absence of GAIN, this group had quite low earnings and relatively high AFDC receipt. Earnings impacts for this group were relatively poor, with only one county (Riverside) obtaining an impact greater than $600 in third-year earnings. AFDC impacts were not particularly poor, however. Four of the six counties obtained AFDC reductions of $300 or more for this subgroup. Thus, the ratio of AFDC impacts to earnings impacts was relatively high for the more disadvantaged, a result that is expected on the basis of the prior research cited above. In three of the six counties, the dollar amount of the AFDC impact was larger than the corresponding earnings impact.

Finally, in the same previous research, the "returning applicant" group evidenced relatively large earnings impacts. This was not the case in GAIN. Earnings impacts for this subgroup were relatively large in Riverside and San Diego, but were small in Butte and Tulare. Welfare reductions were smallest for returning applicants.

The foregoing analysis of subgroups defined by AFDC history and prior-year employment supports GAIN's broad, inclusive targeting policy. Impacts were found for a variety of subgroups and were not concentrated in one narrowly defined segment of the research sample. This is true for both earnings and AFDC impacts and is consistent with earlier research. The earnings impacts for the more disadvantaged were relatively weak. In the face of possibly severe skills deficits and multiple barriers to employment, it may be quite difficult to increase the earning power of the more disadvantaged enough for significant numbers of them to shift from welfare to work. It should be noted, however, that Riverside was able to achieve large impacts on earnings and AFDC payments for this subgroup, which contributed to that county's overall large impact.

### C. Other Subgroups

Table 4.6 shows impacts for a number of other subgroups.

1. **Ethnicity.** Four ethnic categories were used: white, non-Hispanic; black, non-Hispanic; Hispanic; and an "Asian and other" category consisting largely of Southeast Asians. Table 4.6 breaks out impacts in year 3 for these subgroups.

The county GAIN samples were quite varied in ethnic composition. Alameda (70 percent black) and Butte (almost entirely white) were the most homogeneous. Whites were in the majority in Riverside and were the largest group in San Diego, but samples for both those counties were approximately one-fifth black and one-quarter Hispanic. Los Angeles was roughly split between large black and Hispanic minorities, but also had the largest percentage Asian/other (11 percent), which approximately matched the number of whites. Tulare was split between white (52 percent) and Hispanic (39 percent).

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[34] Friedlander, 1988; Friedlander, 1993.

There is some evidence that GAIN produced impacts on third-year earnings or AFDC payments for all ethnic subgroups except, possibly, the Asian/other category. None of the third-year earnings impacts for the Asian/other subgroup were statistically significant, and none reached the $600 mark. Among the counties with more than 100 sample members in this subgroup, only San Diego had third-year AFDC impacts for the subgroup exceeding $300, and these were not statistically significant. Findings presented in an MDRC Working Paper[35] indicate that the Asian/other subgroup had relatively low rates of participation in GAIN activities. Thus, low impacts for that group may have resulted from their failure to obtain as much GAIN services as other groups. Hispanics also had relatively weak results. Among counties with Hispanic samples of more than 100, only Riverside achieved earnings impacts over $600 and AFDC impacts of $300. Participation rates for Hispanics were not found to be especially low in the earlier paper. A potential cause of the results for Hispanics is not evident in the data.[36]

Blacks and whites appeared to show the largest impacts. Blacks obtained large earnings impacts in Alameda. They also obtained earnings impacts at about the $600 all-county average in two of the other three counties where the black subgroup estimates are not marked "unreliable," although these estimates were not statistically significant. AFDC impacts of $300 or more were found in all four of these counties, and were statistically significant in three of them. In fact, AFDC reductions exceeded earnings gains in two of the four counties, and the ratio of AFDC reductions to earnings gains appeared to be highest for blacks.

Whites had samples larger than the "unreliable" cutoff in all six counties. Their earnings impacts were greater than $600 in three counties and greater than $1,200 in two of those three, representing the largest earnings gains for any ethnic group with more than 100 sample members in any county. AFDC impacts for whites were close to or over $300 in four of the six counties. Unlike blacks, whites had AFDC reductions that were greater than earnings gains in only a minority of counties (two of the six).

The relatively low earnings impacts in Los Angeles were not associated with the high proportion of minorities in that sample. Both blacks and Hispanics obtained earnings impacts in some other counties, and blacks obtained large earnings impacts in Alameda, which was similar to Los Angeles in focusing on long-term AFDC recipients. Furthermore, Hispanics in Los Angeles had earnings impacts that were as high as the earnings impacts for whites in that county. Finally, the Asian/other category had earnings impacts that were the largest among the ethnic subgroups in Los Angeles. (See also the refugee subgroup impacts below.)

2. **Limited English proficiency.** Los Angeles was the only county whose sample included a sizable minority classified as limited in their English proficiency. Sample members so classified in Los Angeles did not have impacts on earnings or AFDC that were any lower than the rest of the sample. The presence of this group therefore did not reduce total impacts in that county.

3. **Refugee.** More than 10 percent of the AFDC-FG research samples in Butte and Los Angeles were refugees. Their presence did not, however, reduce impacts. Earnings gains for them

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[35] Friedlander, 1994.

[36] It should be noted that variation in earnings impacts across ethnic subgroups is not statistically significant in any county (see Table 4.6).

were no smaller than earnings gains for the rest of the sample. AFDC reductions were smaller for refugees in Los Angeles but not in Butte. The Butte estimates are marked "unreliable."

4. Already participating in an education or training program. In most of the counties, about 15 to 20 percent of GAIN sample members were participating in an education or training program at the time they attended a GAIN orientation. In general, these individuals were more motivated or equipped to work than were the rest of the sample as evidenced by the fact that controls in this subgroup, in every one of the six counties, had higher average earnings in year 3 than did controls who were not already in such a program. This "job-readiness," however, did not necessarily make for larger impacts from GAIN. In none of the six counties were earnings impacts for those who were already in a program much greater than earnings impacts for those who were not, and AFDC impacts were larger in only two of the six counties. This is not to say that there were no subgroup impacts from GAIN. Earnings impacts for this group were at or above $600 in four counties; AFDC impacts were at or above $300 in three counties. Only one of the impact estimates was statistically significant, but the small sample sizes make it difficult to rule out impacts for this subgroup on the basis of statistical tests.

5. Number of children. In all but one county (Los Angeles), sample members with one child were the largest category, although that category was never in the majority. AFDC payments for controls were substantially higher for sample members with more children. In all counties, average AFDC payments were larger for sample members with two children than for those with one, and were larger for those with three or more children than for those with two. Average AFDC payments in year 3 for sample members with one child were only half to two-thirds the payments to sample members with three or more children. Average earnings did not differ markedly across subgroups based on number of children.

The subgroup consisting of those with one child was less likely to show impacts on earnings and AFDC payments than were the other two subgroups. In only two of six counties were their earnings gains at or over $600, and in only one county were their AFDC reductions more than $300. Thus, the fact that this group normally received less in AFDC in the absence of GAIN (as gauged by the control group) did not make them more apt to experience impacts from the program. The subgroups with two children and with three or more children obtained earnings impacts and AFDC impacts above the $600/$300 average impact in the majority of the six counties.

## VIII. Other Outcomes

This section examines program impacts on Food Stamp receipt and Food Stamp payments; on combined total earnings, AFDC, and income from Food Stamps; on income sources for sample members with no recorded earnings or AFDC receipt.

### A. Food Stamps

Table 4.7 presents estimates of Food Stamp receipt and Food Stamp payments for GAIN sample members in the six research counties. The table shows experimental and control group averages and the difference between the two, which is the estimate of GAIN's impact. The GAIN research data

## TABLE 4.7

## GAIN's THREE-YEAR IMPACTS ON FOOD STAMP RECEIPT BY AFDC-FG REGISTRANTS

| County and Outcome | Experimentals | Controls | Difference | Percentage Change |
|---|---|---|---|---|
| **Alameda** | | | | |
| Ever received any Food Stamps (%) | | | | |
| Any quarter, years 1-3 | 94.8 | 95.7 | -0.9 | -0.9% |
| Last quarter of year 1 | 84.3 | 87.6 | -3.3 * | -3.7% |
| Last quarter of year 2 | 76.7 | 78.2 | -1.5 | -1.9% |
| Last quarter of year 3 | 70.8 | 74.2 | -3.4 | -4.6% |
| Average value of Food Stamps ($) | | | | |
| Year 1 | 1161 | 1151 | 10 | 0.8% |
| Year 2 | 1255 | 1242 | 13 | 1.1% |
| Year 3 | 1310 | 1290 | 20 | 1.5% |
| Total (years 1-3) | 3726 | 3683 | 42 | 1.2% |
| Sample size (total=1205) | 602 | 603 | | |
| **Butte** | | | | |
| Ever received any Food Stamps (%) | | | | |
| Any quarter, years 1-3 | 87.6 | 88.4 | -0.8 | -0.9% |
| Last quarter of year 1 | 61.6 | 61.8 | -0.2 | -0.3% |
| Last quarter of year 2 | 49.3 | 46.4 | 2.9 | 6.2% |
| Last quarter of year 3 | 41.3 | 39.8 | 1.5 | 3.9% |
| Average value of Food Stamps ($) | | | | |
| Year 1 | 786 | 810 | -24 | -2.9% |
| Year 2 | 697 | 719 | -23 | -3.1% |
| Year 3 | 662 | 712 | -51 | -7.1% |
| Total (years 1-3) | 2144 | 2241 | -97 | -4.3% |
| Sample size (total=1229) | 986 | 243 | | |
| **Los Angeles** | | | | |
| Ever received any Food Stamps (%) | | | | |
| Any quarter, years 1-3 | 91.2 | 91.6 | -0.4 | -0.4% |
| Last quarter of year 1 | 74.4 | 80.2 | -5.7 *** | -7.2% |
| Last quarter of year 2 | 66.7 | 72.1 | -5.3 *** | -7.4% |
| Last quarter of year 3 | 61.0 | 64.8 | -3.8 ** | -5.9% |
| Average value of Food Stamps ($) | | | | |
| Year 1 | 1155 | 1210 | -55 *** | -4.6% |
| Year 2 | 1156 | 1248 | -92 *** | -7.4% |
| Year 3 | 1199 | 1293 | -93 *** | -7.2% |
| Total (years 1-3) | 3510 | 3751 | -240 *** | -6.4% |
| Sample size (total=4396) | 2995 | 1401 | | |
| **Riverside** | | | | |
| Ever received any Food Stamps (%) | | | | |
| Any quarter, years 1-3 | 81.5 | 80.0 | 1.6 | 1.9% |
| Last quarter of year 1 | 48.1 | 53.9 | -5.9 *** | -10.9% |
| Last quarter of year 2 | 40.0 | 45.0 | -4.9 *** | -11.0% |
| Last quarter of year 3 | 36.9 | 40.1 | -3.1 * | -7.8% |
| Average value of Food Stamps ($) | | | | |
| Year 1 | 704 | 759 | -55 *** | -7.3% |
| Year 2 | 621 | 683 | -63 ** | -9.2% |
| Year 3 | 664 | 735 | -71 ** | -9.7% |
| Total (years 1-3) | 1988 | 2178 | -189 *** | -8.7% |
| Sample size (total=5508) | 4457 | 1051 | | |

(continued)

TABLE 4.7 (continued)

| County and Outcome | Experimentals | Controls | Difference | Percentage Change |
|---|---|---|---|---|
| **San Diego** | | | | |
| Ever received any Food Stamps (%) | | | | |
| Any quarter, years 1-3 | 89.0 | 89.1 | -0.2 | -0.2% |
| Last quarter of year 1 | 62.4 | 64.2 | -1.8 | -2.7% |
| Last quarter of year 2 | 52.3 | 55.9 | -3.6 ** | -6.5% |
| Last quarter of year 3 | 46.8 | 48.3 | -1.5 | -3.2% |
| Average value of Food Stamps ($) | | | | |
| Year 1 | 831 | 856 | -26 | -3.0% |
| Year 2 | 773 | 846 | -72 *** | -8.6% |
| Year 3 | 810 | 859 | -48 * | -5.6% |
| Total (years 1-3) | 2414 | 2561 | -147 ** | -5.7% |
| Sample size (total=8219) | 7049 | 1170 | | |
| **Tulare** | | | | |
| Ever received any Food Stamps (%) | | | | |
| Any quarter, years 1-3 | 90.4 | 89.0 | 1.4 | 1.5% |
| Last quarter of year 1 | 69.2 | 67.7 | 1.4 | 2.1% |
| Last quarter of year 2 | 63.2 | 59.1 | 4.1 * | 7.0% |
| Last quarter of year 3 | 55.0 | 55.5 | -0.5 | -1.0% |
| Average value of Food Stamps ($) | | | | |
| Year 1 | 989 | 961 | 28 | 2.9% |
| Year 2 | 1057 | 999 | 58 | 5.8% |
| Year 3 | 1072 | 1050 | 22 | 2.1% |
| Total (years 1-3) | 3118 | 3010 | 108 | 3.6% |
| Sample size (total=2234) | 1588 | 646 | | |
| **All counties (a)** | | | | |
| Ever received any Food Stamps (%) | | | | |
| Any quarter, years 1-3 | 89.1 | 89.0 | 0.1 | 0.1% |
| Last quarter of year 1 | 66.7 | 69.2 | -2.6 *** | -3.7% |
| Last quarter of year 2 | 58.0 | 59.4 | -1.4 | -2.3% |
| Last quarter of year 3 | 52.0 | 53.8 | -1.8 ** | -3.4% |
| Average value of Food Stamps ($) | | | | |
| Year 1 | 938 | 958 | -20 * | -2.1% |
| Year 2 | 926 | 956 | -30 ** | -3.1% |
| Year 3 | 953 | 990 | -37 ** | -3.7% |
| Total (years 1-3) | 2817 | 2904 | -87 ** | -3.0% |
| Sample size (total=22791) | 17677 | 5114 | | |

SOURCE: MDRC calculations are from county Food Stamp records.

NOTES: See Table 4.1.
(a) In the all-county averages, the results for each county are weighted equally.

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record the dollar value of Food Stamps given to the household of which the research sample member and her family are a part.[37] Food Stamp estimates were based on the full sample in each county.

Average Food Stamp payments to controls over the three-year follow-up period were about one-fifth of AFDC payments for the same period. The ratio of Food Stamps to AFDC for controls was similar across counties. Food Stamp amounts for controls were higher in Alameda and Los Angeles than in the other counties, which would be expected, since those counties focus on long-term AFDC recipients.[38]

The percentage of controls receiving Food Stamps declined over time, as did the percentage receiving AFDC payments. Interestingly, however, the average Food Stamp amounts received by controls did not decline over time. To explain this, an average was calculated for Food Stamp dollars in quarters when Food Stamps were received. It was found that average Food Stamp amounts per quarter received were larger for sample members who were still receiving Food Stamps at the end of follow-up. In addition, Food Stamp amounts per quarter received increased for sample members who were still receiving them at the end of follow-up.[39] Thus, sample members who eventually went off Food Stamps had lower quarterly Food Stamp amounts, and those who remained on had not only higher quarterly Food Stamp amounts but also Food Stamp amounts that increased over time. Why this should be is unclear, but it accounts for the fact that the average Food Stamp amount for all sample members did not decline over time even as the percentage receiving Food Stamps did.

Impacts on Food Stamps were found for several counties but were not produced as consistently as impacts on AFDC. As shown in Table 4.7, statistically significant impacts on Food Stamps were found in Los Angeles, Riverside, and San Diego. Smaller and not statistically significant impacts were found in Butte. Los Angeles and Riverside had the largest reductions in percentage receiving Food Stamps. Los Angeles had the largest dollar savings, $240 per sample member over three years (statistically significant). Riverside was a close second, however, and that county had the largest reduction as a percentage of the control group average: The reduction in Food Stamp payments over three years amounted to 8.7 percent of the amounts paid to controls. Dollar reductions in San Diego were in the same range but, unlike those in Los Angeles and Riverside, were beginning the fade by year 3.

The magnitude of savings in public assistance associated with Food Stamps was less than for AFDC. Impacts on Food Stamp payments in the three counties that had them were about 10 to 20 percent of the corresponding AFDC impacts over the three-year follow-up. Savings in Food Stamps in two of these three counties and in Butte do not evidence any decline over time, and total savings should grow with additional years of follow-up. For all six counties, the three-year reduction in Food Stamps was $87, a statistically significant impact, amounting to 3.0 percent of average payments to controls. The dollar amount was about one-tenth of the all-county impact on AFDC payments; the percentage change was about half the percentage change in AFDC payments.

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[37] The Food Stamp household and the AFDC family are not necessarily identical. In some Food Stamp cases, individuals not on the AFDC case (e.g., a grandmother living with her daughter, who is the AFDC case head) will receive Food Stamps. It is not possible to separate out the amount of Food Stamps going just to those persons who are on the AFDC case of sample members. For this reason, the amounts of Food Stamps going to experimentals and controls are overestimated in this report. Estimates of the *differences* in Food Stamp amounts between experimentals and controls (i.e., program impacts on Food Stamps) will not be biased unless GAIN had an effect on the rate of breakup of Food Stamp households.

[38] The ratio of Food Stamp payments to AFDC payments was also slightly higher in Alameda and Los Angeles than in the other counties. The lowest ratio was found in Riverside.

[39] For example, in quarter 9, Food Stamp amounts were 22 percent larger for sample members who would still be receiving them in quarter 13 than for those who would not. Moreover, Food Stamp amounts during quarters when they were received grew 44 percent from quarter 2 through quarter 13 for those who were receiving them in quarter 13.

### B. Combined Income from Earnings, AFDC, and Food Stamps

The sum of earnings, AFDC, and Food Stamps is a partial measure of family income. The earnings of a sample member, her AFDC benefits, and the Food Stamps going to her household are not the only sources of income. Contributions may also come from the noncustodial parent and from other family members. Some sample members also receive Unemployment Insurance (UI) benefits and other transfer payments. Nevertheless, these three income sources are the ones that GAIN is primarily intended to affect. Table 4.8 gives impacts on combined income from earnings, AFDC, and Food Stamps in the last quarter of follow-up (quarter 13).

Impacts on the average total value of earnings, AFDC, and Food Stamps were modest. As shown in Table 4.8, the largest effect was in Tulare – an increase of $149 (statistically significant), or 8.0 percent of the earnings/AFDC/Food Stamp income of controls in the same quarter. In other counties, AFDC reductions offset more of the earnings gains. A 5.4 percent increase in earnings/AFDC/Food Stamp income (relative to controls) was realized in Alameda and a 4.7 percent increase in Riverside, but neither of these effects was statistically significant. For the pooled sample of all counties (weighted equally), the average impact was a 3.1 percent increase in earnings/AFDC/Food Stamp income (relative to controls), which was statistically significant.

Table 4.8 also shows the percentage of experimentals and controls receiving income from combinations of the three sources. GAIN reduced the incidence of "welfare without work," moving some people into jobs and off AFDC completely and others into jobs at which they worked while they remained on AFDC. All six counties showed a decrease in the percentage of experimentals who were on AFDC and had no earnings at the end of the third follow-up year. This decrease ranged between four and seven percentage points and was statistically significant in five of the six counties; not all of the experimentals who left this status were off AFDC and also had earnings. Increases in the share of experimentals who had earnings but no AFDC ranged from less than 1 percentage point to a maximum of 4.6 percentage points. In some counties, there was an increase in the percentage receiving both earnings and AFDC in the last quarter, but the largest of these effects was an increase of 2.5 percentage points.

Many experimentals went off AFDC without having earnings. So did many controls. In Table 4.8, these sample members are in the category "no AFDC or earnings." The absence of recorded earnings or AFDC does not mean that a sample member had no income. A large number of AFDC case heads who leave AFDC do so because they get married or become reconciled with an absent spouse, or they may receive contributions from other family members. Zero earnings and AFDC amounts will also be recorded for individuals who leave the state or county.

GAIN appeared to have had no overall effect in getting people off welfare if they could not find or keep a job. Across counties, between one-fifth and one-third of controls had no earnings or AFDC at the end of year 3. In no county, however, was there a statistically significant increase in the per-

## TABLE 4.8

## GAIN's IMPACTS ON TOTAL EARNINGS/ AFDC/ FOOD STAMP INCOME AND INCOME SOURCES IN THE LAST QUARTER OF YEAR 3 FOR AFDC–FG REGISTRANTS

| County and Outcome | Experimentals | Controls | Difference | Percentage Change |
|---|---|---|---|---|
| **Alameda** | | | | |
| Average total value of AFDC, Food Stamps, and earnings in quarter 13 ($) | 2221 | 2108 | 113 | 5.4% |
| Income sources (%) | | | | |
| Earnings without AFDC | 14.2 | 10.0 | 4.2 ** | |
| Earnings and AFDC | 10.6 | 8.8 | 1.8 | |
| AFDC without earnings | 56.9 | 61.8 | −4.9 * | |
| No AFDC and no earnings | 18.3 | 19.4 | −1.1 | |
| Total | 100.0 | 100.0 | | |
| Food Stamps without AFDC or earnings | 4.6 | 5.3 | −0.7 | |
| No Food Stamps, AFDC, or earnings | 13.6 | 14.1 | −0.4 | |
| Sample size (total=1205) | 602 | 603 | | |
| **Butte** | | | | |
| Average total value of AFDC, Food Stamps, and earnings in quarter 13 ($) | 1738 | 1708 | 29 | 1.7% |
| Income sources (%) | | | | |
| Earnings without AFDC | 22.8 | 22.0 | 0.8 | |
| Earnings and AFDC | 10.1 | 7.6 | 2.5 | |
| AFDC without earnings | 29.6 | 33.4 | −3.8 | |
| No AFDC and no earnings | 37.5 | 37.0 | 0.5 | |
| Total | 100.0 | 100.0 | | |
| Food Stamps without AFDC or earnings | 3.7 | 3.2 | 0.5 | |
| No Food Stamps, AFDC, or earnings | 33.9 | 33.8 | 0.1 | |
| Sample size (total=1229) | 986 | 243 | | |
| **Los Angeles** | | | | |
| Average total value of AFDC, Food Stamps, and earnings in quarter 13 ($) | 1872 | 1932 | −60 | −3.1% |
| Income sources (%) | | | | |
| Earnings without AFDC | 11.2 | 9.1 | 2.1 ** | |
| Earnings and AFDC | 8.1 | 7.7 | 0.3 | |
| AFDC without earnings | 55.7 | 59.8 | −4.1 ** | |
| No AFDC and no earnings | 25.0 | 23.4 | 1.6 | |
| Total | 100.0 | 100.0 | | |
| Food Stamps without AFDC or earnings | 1.6 | 1.5 | 0.1 | |
| No Food Stamps, AFDC, or earnings | 23.5 | 21.9 | 1.5 | |
| Sample size (total=4396) | 2995 | 1401 | | |
| **Riverside** | | | | |
| Average total value of AFDC, Food Stamps, and earnings in quarter 13 ($) | 1722 | 1645 | 77 | 4.7% |
| Income sources (%) | | | | |
| Earnings without AFDC | 23.0 | 18.4 | 4.6 *** | |
| Earnings and AFDC | 8.2 | 6.2 | 2.0 ** | |
| AFDC without earnings | 32.4 | 39.6 | −7.2 *** | |
| No AFDC and no earnings | 36.4 | 35.8 | 0.7 | |
| Total | 100.0 | 100.0 | | |
| Food Stamps without AFDC or earnings | 2.5 | 1.4 | 1.1 ** | |
| No Food Stamps, AFDC, or earnings | 33.9 | 34.4 | −0.5 | |
| Sample size (total=5508) | 4457 | 1051 | | |

(continued)

## TABLE 4.8 (continued)

| County and Outcome | Experimentals | Controls | Difference | Percentage Change |
|---|---|---|---|---|
| **San Diego** | | | | |
| Average total value of AFDC, Food Stamps, and earnings in quarter 13 ($) | 2002 | 1964 | 39 | 2.0% |
| Income sources (%) | | | | |
| Earnings without AFDC | 21.4 | 18.8 | 2.6 ** | |
| Earnings and AFDC | 10.3 | 9.1 | 1.2 | |
| AFDC without earnings | 38.7 | 42.8 | −4.1 *** | |
| No AFDC and no earnings | 29.6 | 29.2 | 0.4 | |
| Total | 100.0 | 100.0 | | |
| Food Stamps without AFDC or earnings | 2.1 | 1.9 | 0.1 | |
| No Food Stamps, AFDC, or earnings | 27.6 | 27.3 | 0.2 | |
| Sample size (total=8219) | 7049 | 1170 | | |
| **Tulare** | | | | |
| Average total value of AFDC, Food Stamps, and earnings in quarter 13 ($) | 2014 | 1865 | 149 ** | 8.0% |
| Income sources (%) | | | | |
| Earnings without AFDC | 19.9 | 17.6 | 2.3 | |
| Earnings and AFDC | 11.5 | 9.0 | 2.5 * | |
| AFDC without earnings | 43.0 | 47.1 | −4.2 * | |
| No AFDC and no earnings | 25.7 | 26.3 | −0.6 | |
| Total | 100.0 | 100.0 | | |
| Food Stamps without AFDC or earnings | 2.5 | 3.7 | −1.2 | |
| No Food Stamps, AFDC, or earnings | 23.1 | 22.5 | 0.6 | |
| Sample size (total=2234) | 1588 | 646 | | |
| **All counties (a)** | | | | |
| Average total value of AFDC, Food Stamps, and earnings in quarter 13 ($) | 1928 | 1870 | 58 * | 3.1% |
| Income sources (%) | | | | |
| Earnings without AFDC | 18.8 | 16.0 | 2.8 *** | |
| Earnings and AFDC | 9.8 | 8.1 | 1.7 *** | |
| AFDC without earnings | 42.7 | 47.4 | −4.7 *** | |
| No AFDC and no earnings | 28.8 | 28.5 | 0.3 | |
| Total | 100.0 | 100.0 | | |
| Food Stamps without AFDC or earnings | 2.8 | 2.8 | −0.0 | |
| No Food Stamps, AFDC, or earnings | 25.9 | 25.7 | 0.3 | |
| Sample size (total=22791) | 17677 | 5114 | | |

SOURCE: See Tables 4.1 and 4.10.

NOTES: See Table 4.1.
(a) In the all−county averages, the results for each county are weighted equally.

centage of experimentals off welfare and without work. The all-county impact estimate was only a 0.3 percentage point increase in this category, which was not statistically significant. Nevertheless, it is of interest to note that Los Angeles, which was the only county with a negative effect on earnings/AFDC/Food Stamp income, also had the largest shift into the no-AFDC/no-earnings category (1.6 percentage points). Part of the small reduction in earnings/AFDC/Food Stamp income in Los Angeles is undoubtedly associated with the small increase in the share of experimentals who were off AFDC but did not work. Those experimentals may have left AFDC without having a job or may have had a job and lost it and not returned to AFDC. The increase in the no-earnings/no-AFDC category, although small, increased the ratio of impacts on AFDC payments to impacts on earnings and is one of the reasons why Los Angeles obtained moderately large AFDC impacts with only small earnings impacts. It should be added that neither the reduction in earnings/AFDC/Food Stamp income nor the shift into the no-AFDC/no-earnings category in Los Angeles was statistically significant.

The last two rows of Table 4.8 indicate that Food Stamp receipt does not alter the picture just described. The table shows that very few experimentals or controls received Food Stamps in quarter 13 without receiving AFDC or earnings. There were no important impacts on the percentage receiving "Food Stamps without AFDC or earnings." Finally, the table shows that between one-seventh and one-third of sample members had no earnings/AFDC/Food Stamp income at the end of the year 3. This group makes up almost all of the group with no earnings and no AFDC, and there were no impacts on this status, either.

### C. Income for Sample Members Without Earnings or AFDC

Almost all sample members who did not have earnings or AFDC income did have other possible sources of income. Table 4.9 provides information on the possible sources of income for the subsample of GAIN survey respondents who reported no earnings of their own and no AFDC payments of their own in the month prior to the interview. About a quarter of the experimentals in that group were married and living with a spouse. Nearly half the group reported that they received or were living with someone who received non-employment income from a source other than AFDC or Food Stamps. Only about a quarter of the group said that they did not receive or live with anyone who received income from any source.

### D. Family Poverty

To estimate the effects of GAIN on poverty, the total of third-year earnings, AFDC payments, and Food Stamp payments, referred to here as "earnings/AFDC/Food Stamps income," was estimated for experimentals and controls and compared to the government's official poverty line, which varies by family size. However, this combined income differs from the government's official poverty measure in that it counts the value of Food Stamps as income, but does not include income of other family members (e.g., other family members' earnings) that are normally counted in estimating poverty rates. Furthermore, the GAIN evaluation data on family size used in this part of the analysis only cover family size at the time of random assignment; changes in family size (e.g., through the birth of another child or marriage), which would affect official poverty levels, are not considered. Thus, the analysis can provide only an approximation of GAIN's impact on poverty.

Table 4.10 gives the percentage of experimentals and controls with earnings/AFDC/Food Stamps income for year 3 above the poverty line. Estimates are also shown for families of different sizes (as observed at the time of random assignment). In every county, GAIN increased the percentage

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## TABLE 4.9

## MARITAL STATUS AND ALTERNATIVE SOURCES OF INCOME FOR AFDC–FG SURVEY RESPONDENTS IN FOUR COUNTIES WHO REPORTED NO EARNINGS OF THEIR OWN AND NO AFDC PAYMENTS OF THEIR OWN IN THE MONTH PRIOR TO INTERVIEW, BY RESEARCH GROUP

| | Respondents with No Reported Earnings or AFDC Payments in the Month Prior to Interview | |
|---|---|---|
| Outcome Measure | Experimentals (%) | Controls (%) |
| Married and living with spouse | 29.1 | 25.9 |
| Living with a partner without being married | 9.6 | 13.2 |
| Living with someone who received income from the following sources in the prior month: | | |
| Employment from regular or irregular job | 28.1 | 25.5 |
| AFDC or Food Stamps | 14.0 | 20.6 |
| At least one of these sources | 39.4 | 44.6 |
| Received or living with someone who received money from the following sources in the prior month: | | |
| Child support | 9.6 | 6.4 |
| Alimony | 0.7 | 0.0 |
| SSI | 13.4 | 14.5 |
| Social Security | 7.5 | 8.6 |
| Unemployment Insurance | 7.5 | 5.5 |
| Worker's Compensation | 2.7 | 1.8 |
| General Assistance | 3.1 | 7.8 |
| Family or friends outside the household | 6.5 | 5.0 |
| At least one of these sources | 45.2 | 42.7 |
| Any other source | 8.6 | 5.9 |
| Reported not to have received or lived with anyone who received income from any source (a) | 24.3 | 25.5 |
| Sample size | 292 | 220 |

SOURCE: MDRC calculations using data from the GAIN registrant survey.

NOTES: The sample covers four counties: Alameda, Riverside, San Diego, and Tulare.

Estimates are not regression–adjusted. Comparisons between experimentals and controls are not true experimental comparisons. Statistical tests for such comparisons were not performed.

(a) Experimentals in this category constitute 4.2 percent of all AFDC–FG experimental group survey respondents in the four counties; controls in this category constitute 4.0 percent of all AFDC–FG control group survey respondents in the four counties.

## TABLE 4.10

## APPROXIMATION OF GAIN's IMPACT ON POVERTY IN YEAR 3 FOR AFDC–FG REGISTRANTS

|  | Sample Size |  | Percent with Measured Income (Earnings, AFDC Payments, and Food Stamps) Above 1992 Poverty Line in Year 3 (a) |  |  |
|---|---|---|---|---|---|
| Subsample and County | Experimentals | Controls | Experimentals (%) | Controls (%) | Difference (%) |
| **All registrants** |  |  |  |  |  |
| Alameda | 602 | 603 | 22.4 | 19.8 | 2.6 |
| Butte | 986 | 243 | 19.8 | 15.0 | 4.8 * |
| Los Angeles | 2995 | 1401 | 13.7 | 11.6 | 2.0 * |
| Riverside | 4457 | 1051 | 19.4 | 15.7 | 3.7 *** |
| San Diego | 7049 | 1170 | 23.1 | 20.9 | 2.2 * |
| Tulare | 1588 | 646 | 22.9 | 18.4 | 4.5 ** |
| All counties (b) | 17677 | 5114 | 20.2 | 16.9 | 3.3 *** |
| **Registrants with one child at orientation (c)** |  |  | **Total measured income exceeds $ 9,190 (d)** |  |  |
| Alameda | 266 | 252 | 25.2 | 24.6 | 0.5 |
| Butte | 473 | 129 | 23.3 | 13.7 | 9.6 *** |
| Los Angeles | 994 | 464 | 18.4 | 16.9 | 1.4 |
| Riverside | 1828 | 463 | 22.3 | 20.3 | 2.1 |
| San Diego | 3332 | 548 | 27.0 | 25.5 | 1.5 |
| Tulare | 621 | 236 | 28.3 | 20.9 | 7.4 ** |
| **Registrants with two children at orientation** |  |  | **Total measured income exceeds $ 11,570 (e)** |  |  |
| Alameda | 189 | 195 | 26.6 | 19.4 | 7.2 * |
| Butte | 348 | 64 | 18.6 | 22.0 | −3.4 |
| Los Angeles | 957 | 439 | 15.8 | 10.0 | 5.8 *** |
| Riverside | 1498 | 328 | 21.1 | 12.6 | 8.6 *** |
| San Diego | 2233 | 386 | 23.3 | 19.5 | 3.8 * |
| Tulare | 532 | 207 | 22.0 | 16.8 | 5.3 * |
| **Registrants with three or more children at orientation** |  |  | **Total measured income exceeds $ 13,950 (f)** |  |  |
| Alameda | 147 | 156 | 12.4 | 12.0 | 0.3 |
| Butte | 165 | 50 | 12.4 | 9.0 | 3.4 u |
| Los Angeles | 1044 | 498 | 7.4 | 8.0 | −0.6 |
| Riverside | 1131 | 260 | 12.2 | 12.1 | 0.1 |
| San Diego | 1484 | 236 | 14.2 | 12.8 | 1.4 |
| Tulare | 435 | 203 | 11.9 | 11.5 | 0.3 |

SOURCE: See Table 4.1.

NOTES: See Table 4.1.

The symbol "u" indicates that, because of very small sample sizes, the impact estimate shown is unreliable; asterisks following the symbol indicate that there was a statistically significant effect, though its magnitude could not be reliably measured.

(a) This estimate assumes that registrants' family size and composition did not change between orientation and the end of follow–up.

(b) The six counties are weighted equally.

(c) This sample includes those reporting zero children at orientation.

(d) This dollar amount is the 1992 poverty line for a two–person family.

(e) This dollar amount is the 1992 poverty line for a three–person family.

(f) This dollar amount is the 1992 poverty line for a four–person family.

of families with total earnings/AFDC/Food Stamps income above the poverty line. These effects were statistically significant in five of the six counties. The all-county average was positive and statistically significant: 20.2 percent of experimentals were above the poverty line in year 3 compared to 16.9 percent of controls, for a difference of 3.3 percentage points.

These effects occurred almost exclusively among smaller families, those with one or two children. The most consistent gains were for families with two children. For that group, impacts were found in every county but Butte, where the sample for that subgroup was small and the precision of the estimate therefore reduced. For families with one child, large effects were found in Butte and Tulare. Among sample members with three or more children, effects were close to zero everywhere except in Butte, where the very small subgroup sample makes the estimate unreliable.

This distribution of effects – larger reductions in poverty for smaller families – is influenced by the relationship of the poverty line to family size. The higher poverty line for larger families implies that an earnings gain large enough to push a smaller family's income above the poverty line may not be large enough to push a larger family's income above it.[40]

## IX. The Riverside Case Management Experiment

As discussed in Chapter 1, an additional feature of the GAIN evaluation is a special study conducted in Riverside County on the effects of assigning GAIN registrants to case managers with different-size caseloads. Case managers in one group (the "enhanced" group) were assigned half as many registrants as case managers in the other group (the "regular" group). Although the actual average ratio of registrants to case managers fluctuated over time, the 2-to-1 difference was maintained throughout the random assignment period and for approximately a year thereafter. Furthermore, all case managers, as well as registrants in the experimental group, were randomly assigned to either the higher- or lower-caseload group.

This special experiment was designed to test whether assigning registrants to staff with smaller caseloads, and allowing staff to monitor them more closely and work with them more intensively, would produce larger impacts on earnings and AFDC. This did not occur, however. Both the enhanced and regular experimental groups obtained large gains in earnings and large reductions in

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[40] The impacts on poverty estimated in Table 4.10 do not necessarily parallel the impacts on total earnings/AFDC/Food Stamps income discussed earlier. In Los Angeles, the small increase in the percentage of families above the poverty line shown in Table 4.10 appears not to accord with the *negative* effect in quarter 13 on total earnings/AFDC/Food Stamps income shown in Table 4.8. The poverty estimate is based on the same income measure, so how can there be apparently opposite effects? In actuality, the poverty impact for Los Angeles is a combination of two opposing effects: an increase in earnings/AFDC/Food Stamps income for some experimentals as a result of GAIN and a decrease for others. Some experimentals whose combined income would have been between half the poverty line and the poverty line saw their income rise above the poverty line, and the result of that movement is captured in Table 4.10. Some experimentals whose combined income would have been between half the poverty line and the poverty line saw their income fall below half the poverty line or to zero measured earnings/AFDC/Food Stamps income. That movement is not captured in Table 4.10, but it does offset the positive movement and accounts for the overall small negative income effect shown in Table 4.8. These effects occur in Los Angeles in the subgroup of program registrants with two children.

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AFDC. But these impacts were not greater for the enhanced group. In fact, earnings impacts were somewhat larger for the regular group than for the enhanced group. AFDC reductions started out larger for the enhanced group in the first follow-up year, but this difference did not continue into later years. It appears, therefore, that the size of a case manager's caseload did not affect the success of the GAIN participant, except for a possible small initial increase in AFDC savings.

Results of the Riverside case management experiment for AFDC-FGs are shown in Table 4.11. The average total three-year earnings for the enhanced group were $8,957 compared to $6,337 for the control group, for an impact of $2,620. The average three-year total earnings for the regular group were $9,604, for an impact of $3,267. Thus, earnings impacts were slightly larger for the regular group. The difference of $646 was not statistically significant over the whole three-year period. The difference in earnings impacts was statistically significant in year 3.

The average total three-year AFDC payments for the enhanced group were $11,194 compared to $13,267 for controls, for an impact of $2,074. The average total three-year AFDC payments for the regular group were $11,313, for an impact of $1,954. The difference in AFDC impacts between the enhanced group and regular group was $120 in additional savings for the enhanced group. This difference was not statistically significant.

One possible explanation for the absence of additional impacts from reduced caseloads may be that the Riverside sample was less likely than the samples in other counties to stay on AFDC a long time. Riverside controls had the second-lowest percentage still on AFDC at the end of the three-year follow-up period (see Table 4.1); only Butte had a lower percentage. It may be that the additional case management services went to sample members who would have left AFDC soon anyway. Enhanced case management services might produce additional impacts if they could be targeted to program registrants who were likely to still be on AFDC and not working after having received the standard level of services.

## X. Impacts on AFDC-FGs with Children Under Age 6

The JOBS legislation broadened the definition of "mandatory" for welfare-to-work programs by including single parents with a child aged 3 to 5 (and allowing states to lower that to age 1 if they wished). Rules in effect prior to JOBS allowed programs to classify single mothers with a child under age 6 as mandatory only under special circumstances, and only a small fraction of program enrollees were so classified. The "new JOBS mandatories" make up a large fraction of JOBS program enrollees. It is therefore an important question whether welfare-to-work programs can produce impacts on this group. Little evidence is available from the program evaluations of the 1980s. The GAIN evaluation can provide some information, since it includes a supplementary sample of individuals who became mandatory for GAIN after the transition to JOBS took effect.

Table 4.12 presents impact estimates for a three-county supplementary sample of GAIN registrants who had a child under age 6. The counties were Alameda, Riverside, and Tulare.[41] In Riverside and Tulare, the intake process identified new JOBS mandatories at the time of random assignment, and it was therefore possible to separate this supplementary sample from the research

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[41] Butte worked with some new JOBS mandatories also, but the subsample there was too small to analyze.

## TABLE 4.11

## COMPARISON OF GAIN's THREE-YEAR IMPACTS ON EMPLOYMENT, EARNINGS, AFDC RECEIPT, AND AFDC PAYMENTS FOR AFDC-FG REGISTRANTS ASSIGNED TO RIVERSIDE's "ENHANCED" AND "REGULAR" CASE MANAGEMENT GROUPS

| Outcome | Experimentals | | Controls | Comparison A: | Comparison B: | Comparison C: |
|---|---|---|---|---|---|---|
| | Enhanced Group | Regular Group | | Enhanced Group minus Control Group | Regular Group minus Control Group | Enhanced Group minus Regular Group |
| Ever employed (%) | | | | | | |
| Year 1 | 52.6 | 51.9 | 34.0 | 18.5 *** | 17.9 *** | 0.6 |
| Year 2 | 49.1 | 49.5 | 35.4 | 13.7 *** | 14.1 *** | -0.4 |
| Year 3 | 42.8 | 45.0 | 35.2 | 7.6 *** | 9.8 *** | -2.2 |
| Last quarter of year 3 | 29.7 | 31.7 | 24.6 | 5.1 *** | 7.0 *** | -1.9 |
| Total (years 1-3) | 67.5 | 66.9 | 53.4 | 14.1 *** | 13.5 *** | 0.6 |
| Average total earnings ($) | | | | | | |
| Year 1 | 2428 | 2483 | 1550 | 878 *** | 933 *** | -54 |
| Year 2 | 3294 | 3454 | 2234 | 1060 *** | 1221 *** | -160 |
| Year 3 | 3235 | 3666 | 2553 | 682 ** | 1113 *** | -432 xx |
| Last quarter of year 3 | 791 | 913 | 671 | 120 | 242 *** | -122 xx |
| Total (years 1-3) | 8957 | 9604 | 6337 | 2620 *** | 3267 *** | -646 |
| Ever received any AFDC payments (%) | | | | | | |
| Last quarter of year 1 | 55.9 | 59.6 | 65.9 | -10.0 *** | -6.4 *** | -3.7 xx |
| Last quarter of year 2 | 46.6 | 46.7 | 52.0 | -5.4 *** | -5.3 *** | -0.1 |
| Last quarter of year 3 | 42.5 | 39.9 | 45.8 | -3.2 | -5.9 *** | 2.6 |
| Average total AFDC payments received ($) | | | | | | |
| Year 1 | 4825 | 5006 | 5658 | -833 *** | -652 *** | -181 x |
| Year 2 | 3427 | 3467 | 4161 | -734 *** | -694 *** | -40 |
| Year 3 | 2942 | 2840 | 3448 | -506 *** | -608 *** | 102 |
| Last quarter of year 3 | 692 | 659 | 793 | -101 *** | -134 *** | 33 |
| Total (years 1-3) | 11194 | 11313 | 13267 | -2074 *** | -1954 *** | -120 |
| Sample size (total= 5508) | 1080 | 3377 | 1051 | | | |

SOURCE: See Table 4.1.

NOTES: See Table 4.1.

A two-tailed t-test was applied to differences in impacts between the enhanced and regular experimental groups. Statistical significance levels are indicated as: xxx=1 percent; xx=5 percent; x=10 percent.

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## TABLE 4.12

## GAIN's THREE-YEAR IMPACTS ON EMPLOYMENT, EARNINGS, AFDC RECEIPT, AND AFDC PAYMENTS FOR AFDC-FG MANDATORY GAIN REGISTRANTS WITH CHILDREN UNDER AGE 6, IN ALAMEDA, RIVERSIDE, AND TULARE COUNTIES

| County and Outcome | Experimentals | Controls | Difference | Percentage Change |
|---|---|---|---|---|
| **Alameda (sample includes children of any age under 6)** | | | | |
| Ever employed (%) | | | | |
| Year 1 | 34.9 | 28.0 | 6.9 | 24.6% |
| Year 2 | 34.2 | 28.2 | 6.0 | 21.4% |
| Year 3 | 39.2 | 30.2 | 9.1 ** | 30.0% |
| Last quarter of year 3 | 28.9 | 20.3 | 8.6 * | 42.2% |
| Total (years 1-3) | 53.2 | 43.4 | 9.8 ** | 22.6% |
| Average total earnings ($) | | | | |
| Year 1 | 1503 | 1240 | 263 | 21.2% |
| Year 2 | 2461 | 1568 | 893 | 56.9% |
| Year 3 | 3376 | 2311 | 1065 | 46.1% |
| Total (years 1-3) | 7340 | 5120 | 2220 | 43.4% |
| Ever received any AFDC payments (%) | | | | |
| Last quarter of year 1 | 86.1 | 90.1 | -4.1 | -4.5% |
| Last quarter of year 2 | 77.2 | 77.6 | -0.5 | -0.6% |
| Last quarter of year 3 | 68.6 | 72.1 | -3.5 | -4.8% |
| Average total AFDC payments received ($) | | | | |
| Year 1 | 7265 | 7387 | -123 | -1.7% |
| Year 2 | 6250 | 6394 | -144 | -2.3% |
| Year 3 | 5469 | 5749 | -280 | -4.9% |
| Total (years 1-3) | 18983 | 19530 | -547 | -2.8% |
| Sample size (total = 367) | 191 | 176 | | |
| **Riverside (sample includes children 3 to 5 years old)** | | | | |
| Ever employed (%) | | | | |
| Year 1 | 52.2 | 29.8 | 22.5 *** | 75.5% |
| Year 2 | 45.4 | 26.8 | 18.6 *** | 69.7% |
| Year 3 | 41.2 | 28.9 | 12.3 *** | 42.4% |
| Last quarter of year 3 | 27.5 | 18.6 | 8.9 *** | 47.7% |
| Total (years 1-3) | 66.2 | 46.2 | 20.0 *** | 43.2% |
| Average total earnings ($) | | | | |
| Year 1 | 2248 | 1038 | 1210 *** | 116.6% |
| Year 2 | 2796 | 1605 | 1190 *** | 74.2% |
| Year 3 | 2917 | 1807 | 1110 *** | 61.5% |
| Total (years 1-3) | 7961 | 4450 | 3511 *** | 78.9% |
| Ever received any AFDC payments (%) | | | | |
| Last quarter of year 1 | 67.2 | 75.7 | -8.5 *** | -11.3% |
| Last quarter of year 2 | 56.5 | 64.4 | -7.8 *** | -12.2% |
| Last quarter of year 3 | 49.5 | 57.9 | -8.4 *** | -14.6% |
| Average total AFDC payments received ($) | | | | |
| Year 1 | 5708 | 6454 | -746 *** | -11.6% |
| Year 2 | 4388 | 5263 | -875 *** | -16.6% |
| Year 3 | 3733 | 4670 | -938 *** | -20.1% |
| Total (years 1-3) | 13829 | 16387 | -2558 *** | -15.6% |
| Sample size (total = 1820) | 1449 | 371 | | |

(continued)

## TABLE 4.12 (continued)

| County and Outcome | Experimentals | Controls | Difference | Percentage Change |
|---|---|---|---|---|
| **Tulare (sample includes children 3 to 5 years old)** | | | | |
| Ever employed (%) | | | | |
| Year 1 | 30.3 | 29.2 | 1.1 | 3.8% |
| Year 2 | 31.0 | 32.0 | −1.0 | −3.2% |
| Year 3 | 36.0 | 33.8 | 2.2 | 6.7% |
| Last quarter of year 3 | 24.1 | 26.6 | −2.4 | −9.2% |
| Total (years 1−3) | 52.0 | 44.1 | 7.9 * | 17.9% |
| Average total earnings ($) | | | | |
| Year 1 | 1493 | 1429 | 64 | 4.5% |
| Year 2 | 1924 | 1810 | 114 | 6.3% |
| Year 3 | 2394 | 2437 | −42 | −1.7% |
| Total (years 1−3) | 5812 | 5675 | 136 | 2.4% |
| Ever received any AFDC payments (%) | | | | |
| Last quarter of year 1 | 85.7 | 76.2 | 9.4 *** | 12.4% |
| Last quarter of year 2 | 72.9 | 71.7 | 1.1 | 1.6% |
| Last quarter of year 3 | 69.0 | 65.0 | 4.1 | 6.3% |
| Average total AFDC payments received ($) | | | | |
| Year 1 | 7602 | 7058 | 544 ** | 7.7% |
| Year 2 | 6465 | 6027 | 437 | 7.3% |
| Year 3 | 5412 | 5246 | 167 | 3.2% |
| Total (years 1−3) | 19479 | 18331 | 1148 | 6.3% |
| Sample size (total = 493) | 288 | 205 | | |

SOURCE AND NOTES: See Table 4.1 and Appendix D.

sample analyzed in the rest of this chapter. In Alameda, new JOBS mandatories were not clearly distinguished in the intake process from other sample members with children under 6. All AFDC case heads with children under age 6 (both new JOBS mandatories and pre-JOBS mandatories) were therefore treated as part of the main Alameda sample analyzed up to this point. In this respect, the main analysis sample in Alameda differed from those of the other five counties, which did not include new JOBS mandatories and for that reason had fewer people with children under age 6. Conversely, the subsample from Alameda analyzed in this section was composed only partly of new JOBS mandatories; unlike the supplementary samples from Riverside and Tulare, the Alameda subsample analyzed in this section also contained pre-JOBS mandatories who had children under age 6. In other words, for Alameda only, the "supplementary" sample was actually part of the "main" sample. (See Chapter 1.)

The few prior random assignment studies including samples of single parents with preschool children showed mixed results.[42] The results for GAIN suggest that local operators who can run programs that achieve impacts for other groups can also run programs that achieve impacts for the new JOBS mandatory group. Large and statistically significant impacts on earnings and AFDC were found in Riverside, which also had large impacts for its main sample. Alameda showed somewhat lower earnings impacts, which were not statistically significant, and also showed AFDC impacts that were below the GAIN average. Tulare did not produce earnings impacts or AFDC impacts for this group in the first two years and, unlike the main Tulare sample, did not show impacts emerging in year 3, either. In fact, AFDC impacts in Tulare were in the wrong direction, with a higher percentage of experimentals than controls receiving AFDC (statistically significant in year 1) and higher average AFDC payments for experimentals as well (also statistically significant in year 1).[43]

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[42] One such study was the experimental evaluation of the Arkansas WORK program. That program operated prior to JOBS but had obtained a federal waiver to classify mothers with children aged 3 to 5 as mandatory. Impact results for that subgroup may be found in Friedlander et al., 1985. More recently, the evaluation of Florida's Project Independence provided impact estimates for a large sample of new JOBS mandatories. See Kemple and Haimson, 1994.

[43] The impacts for Alameda in Table 4.12 were tested against those of the balance of the sample for that county. None of the differences in impacts between the two groups was statistically significant. The impacts for Riverside and Tulare were tested against those of the main analysis samples for those counties. Only two of the outcomes showed statistically significant differences (at the 10 percent level or better): "total employment" over three years for Riverside, and "ever received any AFDC payments" in the last quarter of year 1 for Tulare.

## CHAPTER 5

## GAIN'S EFFECTS ON JOB QUALITY, QUALITY OF LIFE, AND EMPLOYMENT DYNAMICS

The previous chapter presented findings on the impacts of GAIN on AFDC-FG registrants' employment, earnings, and welfare receipt. One finding was the fact that, in Riverside and San Diego, experimentals were more likely to work as a result of the GAIN program but that the jobs they held paid about as much, on average, as the jobs held by controls; in Alameda and Butte, on the other hand, a greater part of the earnings gains was due to experimentals who entered better-paying jobs rather than large effects on the rate of employment. These data suggest that different GAIN programs can produce earnings impacts through different processes.

However, because the analysis in Chapter 4 was based on quarterly Unemployment Insurance (UI) earnings data, it could not identify the actual number of hours worked per week or the actual weekly (or hourly) wage rates which, when combined, produced the earnings gains in different communities. Consequently, Chapter 4 could not answer such questions as: Did GAIN increase the likelihood that experimentals would find part-time jobs or full-time jobs? Better-paying jobs? Jobs that provided health and other fringe benefits? This chapter will use data from the registrant survey to address these kinds of questions. In doing so, it will help to explicate some of the processes through which GAIN programs in different counties produced the impacts on earnings that were discussed in Chapter 4.

This chapter also examines measures of quality of life such as physical health and standard of living, which broaden the examination of GAIN's impacts. Finally, the chapter will examine incentives to work that may affect the employment behavior of welfare recipients.

The analysis focuses on AFDC-FG registrants in four counties: Alameda, Riverside, San Diego and Tulare. As was discussed in Chapter 1, because of a response bias problem, survey data from Los Angeles are presented only for experimentals (and are not included in the all-county averages). It should also be remembered that the follow-up period for the registrant survey spanned only two to three years after orientation, so that the reported results may not fully capture longer-term consequences.

### I. Job Characteristics Among Employed Experimentals and Employed Controls

Tables 5.1 and 5.2 use survey data to examine the most recent jobs of AFDC-FG experimentals and controls *who were employed*. Since all experimentals are not being compared to all controls, these tables cannot provide a true measure of the "impact" of GAIN. This is because the personal characteristics of employed experimentals (or controls) were not necessarily the same as those of the experimental (or control) group as a whole. In other words, the similarity of the experimental and control groups (assured by the random assignment process that created them), which is essential to reliably determining impacts, cannot be assured when one is examining just those in each group who were employed. While Tables 5.1 and 5.2 therefore need to be interpreted cautiously, they can

## TABLE 5.1

## AVERAGE HOURS AND WAGES OF MOST RECENT JOB AMONG AFDC–FG REGISTRANTS WHO REPORTED BEING EMPLOYED WITHIN TWO TO THREE YEARS AFTER ORIENTATION

| Outcome and Research Group | Alameda | Los Angeles (a) | Riverside | San Diego | Tulare | All Counties (b) |
|---|---|---|---|---|---|---|
| Average number of hours usually worked per week | | | | | | |
| Employed experimentals | 30.0 | 27.8 | 32.1 | 33.0 | 35.1 | 32.5 |
| Employed controls | 26.7 | -- | 32.4 | 31.0 | 33.7 | 30.9 |
| Percentage distribution of number of hours worked per week among employed experimentals (%) | | | | | | |
| Less than 10 hours | 2.7 | 4.2 | 5.5 | 3.8 | 5.6 | 4.4 |
| 10–19 hours | 18.8 | 23.9 | 12.8 | 9.0 | 7.1 | 11.9 |
| 20–29 hours | 19.6 | 22.5 | 17.4 | 21.7 | 15.2 | 18.5 |
| 30–39 hours | 17.9 | 14.1 | 16.4 | 17.9 | 15.2 | 16.8 |
| 40 hours or more | 41.1 | 35.2 | 47.9 | 47.6 | 56.9 | 48.4 |
| Percentage distribution of number of hours worked per week among employed controls (%) | | | | | | |
| Less than 10 hours | 14.5 | -- | 6.1 | 9.0 | 6.7 | 9.1 |
| 10–19 hours | 16.4 | -- | 12.7 | 13.0 | 9.3 | 12.9 |
| 20–29 hours | 14.5 | -- | 17.6 | 18.1 | 12.9 | 15.8 |
| 30–39 hours | 22.7 | -- | 19.4 | 13.0 | 15.5 | 17.7 |
| 40 hours or more | 31.8 | -- | 44.2 | 46.9 | 55.7 | 44.7 |
| Average earnings per week (c) ($) | | | | | | |
| Employed experimentals | 209 | 172 | 191 | 223 | 194 | 204 |
| Employed controls | 167 | -- | 206 | 188 | 200 | 190 |
| Percentage distribution of average earnings per week among employed experimentals (c) (%) | | | | | | |
| $100 or less | 28.6 | 36.6 | 26.8 | 23.9 | 22.2 | 25.4 |
| $101–$200 | 27.7 | 32.4 | 37.3 | 31.9 | 35.4 | 33.1 |
| $201–$300 | 23.2 | 14.1 | 19.5 | 18.3 | 23.7 | 21.2 |
| $301–$400 | 8.0 | 9.9 | 10.7 | 13.1 | 11.1 | 10.7 |
| $401–$500 | 6.3 | 1.4 | 2.1 | 5.2 | 2.0 | 3.9 |
| More than $500 | 6.3 | 5.6 | 3.6 | 7.5 | 5.6 | 5.8 |
| Percentage distribution of average earnings per week among employed controls (c) (%) | | | | | | |
| $100 or less | 37.3 | -- | 22.4 | 28.8 | 21.0 | 27.4 |
| $101–$200 | 27.3 | -- | 40.0 | 29.4 | 37.4 | 33.5 |
| $201–$300 | 25.5 | -- | 17.6 | 22.6 | 27.7 | 23.4 |
| $301–$400 | 6.4 | -- | 9.1 | 10.2 | 7.7 | 8.4 |
| $401–$500 | 3.6 | -- | 4.8 | 4.0 | 1.5 | 3.5 |
| More than $500 | 0.0 | -- | 6.1 | 5.1 | 4.6 | 3.9 |

(continued)

## TABLE 5.1 (continued)

| Outcome and Research Group | Alameda | Los Angeles (a) | Riverside | San Diego | Tulare | All Counties (b) |
|---|---|---|---|---|---|---|
| Average earnings per hour (c) ($) | | | | | | |
| Employed experimentals | 6.56 | 6.06 | 5.78 | 6.23 | 5.47 | 6.01 |
| Employed controls | 6.09 | -- | 6.14 | 5.98 | 5.81 | 6.01 |
| Percentage distribution of average earnings per hour among employed experimentals (c) (%) | | | | | | |
| $4.25 or less | 22.0 | 27.1 | 25.2 | 22.7 | 29.3 | 24.8 |
| $4.26-$5.00 | 19.3 | 15.7 | 26.0 | 17.9 | 24.6 | 22.0 |
| $5.01-$6.00 | 11.9 | 15.7 | 14.7 | 12.6 | 17.3 | 14.1 |
| $6.01-$7.00 | 10.1 | 20.0 | 10.4 | 14.5 | 11.5 | 11.6 |
| $7.01-$10.00 | 19.3 | 12.9 | 16.8 | 21.3 | 13.6 | 17.8 |
| More than $10.00 | 17.4 | 8.6 | 6.8 | 11.1 | 3.7 | 9.8 |
| Percentage distribution of average earnings per hour among employed controls (c) (%) | | | | | | |
| $4.25 or less | 19.1 | -- | 23.5 | 25.6 | 22.9 | 22.8 |
| $4.26-$5.00 | 17.3 | -- | 27.2 | 19.8 | 27.6 | 23.0 |
| $5.01-$6.00 | 19.1 | -- | 13.0 | 14.5 | 20.3 | 16.7 |
| $6.01-$7.00 | 16.4 | -- | 6.8 | 11.6 | 8.3 | 10.8 |
| $7.01-$10.00 | 20.0 | -- | 18.5 | 21.5 | 15.1 | 18.8 |
| More than $10.00 | 8.2 | -- | 11.1 | 7.0 | 5.7 | 8.0 |
| Sample size | | | | | | |
| Employed experimentals | 114 | 71 | 478 | 214 | 199 | 1076 |
| Employed controls | 110 | -- | 165 | 178 | 195 | 648 |

SOURCE: MDRC calculations using data from the GAIN registrant survey.

NOTES: Rounding may cause slight discrepancies in calculating sums, averages, and differences.

Tests of statistical significance of the differences between employed experimentals and employed controls were not performed, because such comparisons are non-experimental.

The follow-up period for the survey ranged from 26 to 37 months, on average, across the five counties where the registrant survey was conducted. Butte County was not included in the survey.

(a) An analysis of response patterns to the survey in Los Angeles revealed that the earnings and AFDC payments during the follow-up period of controls who responded to the survey differed markedly from those of controls who did not respond to the survey. For this reason, no estimates for controls are presented in this table for Los Angeles.

(b) In the all-county averages, the results of each county (excluding Los Angeles) are weighted equally.

(c) Most respondents reported gross (i.e., pre-tax) earnings. However, a sizable minority (roughly 20 percent) reported net (i.e., post-tax) earnings. No adjustment was made for those reporting post-tax earnings. Therefore, the results presented in this table somewhat underestimate the percentage of respondents with gross weekly earnings in excess of a given level.

## TABLE 5.2

## NON-WAGE CHARACTERISTICS OF MOST RECENT JOB AMONG AFDC-FG REGISTRANTS WHO REPORTED EVER BEING EMPLOYED WITHIN TWO TO THREE YEARS AFTER GAIN ORIENTATION

| Outcome and Research Group | Alameda | Los Angeles (a) | Riverside | San Diego | Tulare | All Counties (b) |
|---|---|---|---|---|---|---|
| Number of hours worked per week changed "a lot" or "a fair amount" | | | | | | |
| Employed experimentals (%) | 19.3 | 15.5 | 23.5 | 28.9 | 23.0 | 23.7 |
| Employed controls (%) | 24.8 | -- | 20.6 | 20.9 | 30.8 | 24.3 |
| Employed experimentals (%) | | | | | | |
| Job provided: | | | | | | |
| Paid sick days | 33.0 | 23.9 | 26.8 | 32.4 | 23.1 | 28.8 |
| Paid vacation days | 34.5 | 23.9 | 37.4 | 39.2 | 25.3 | 34.1 |
| Health benefits | 26.8 | 25.4 | 27.7 | 32.7 | 22.7 | 27.5 |
| Dental benefits | 29.5 | 19.7 | 23.7 | 25.4 | 17.7 | 24.1 |
| Tuition assistance or paid training classes | 20.9 | 10.0 | 16.7 | 17.6 | 13.5 | 17.2 |
| Employed controls (%) | | | | | | |
| Job provided: | | | | | | |
| Paid sick days | 22.9 | -- | 22.7 | 30.5 | 20.2 | 24.1 |
| Paid vacation days | 24.8 | -- | 29.7 | 35.3 | 29.2 | 29.8 |
| Health benefits | 24.8 | -- | 26.9 | 25.6 | 21.4 | 24.7 |
| Dental benefits | 22.7 | -- | 22.7 | 20.1 | 16.6 | 20.5 |
| Tuition assistance or paid training classes | 7.4 | -- | 14.5 | 18.4 | 10.4 | 12.7 |
| Federal, state, or local government job | | | | | | |
| Employed experimentals (%) | 22.9 | 33.8 | 16.4 | 20.9 | 17.2 | 19.4 |
| Employed controls (%) | 20.6 | -- | 10.7 | 17.2 | 12.0 | 15.1 |
| Seasonal job | | | | | | |
| Employed experimentals (%) | 21.1 | 15.5 | 12.8 | 14.0 | 26.4 | 18.6 |
| Employed controls (%) | 23.9 | -- | 17.2 | 19.9 | 30.9 | 23.0 |
| Percent who strongly agreed (answered 7-10 on a 0-10 scale) with the following statements: | | | | | | |
| "The job security was good" | | | | | | |
| Employed experimentals (%) | 63.6 | 38.0 | 54.3 | 51.0 | 50.0 | 54.7 |
| Employed controls (%) | 48.6 | -- | 50.0 | 55.7 | 52.6 | 51.7 |
| "The job had good opportunities for promotion or advancement" | | | | | | |
| Employed experimentals (%) | 39.1 | 28.2 | 34.8 | 36.1 | 35.2 | 36.3 |
| Employed controls (%) | 27.4 | -- | 33.3 | 33.3 | 30.8 | 31.2 |
| "The people there taught you new things that would be valuable for doing your job better" | | | | | | |
| Employed experimentals (%) | 62.2 | 42.3 | 53.6 | 55.3 | 54.6 | 56.4 |
| Employed controls (%) | 45.9 | -- | 53.0 | 54.0 | 53.1 | 51.5 |

(continued)

### TABLE 5.2 (continued)

| Outcome and Research Group | Alameda | Los Angeles (a) | Riverside | San Diego | Tulare | All Counties (b) |
|---|---|---|---|---|---|---|
| "The skills you were learning would be valuable for getting a better job" | | | | | | |
| Employed experimentals (%) | 66.4 | 53.5 | 52.9 | 58.7 | 52.8 | 57.7 |
| Employed controls (%) | 53.2 | -- | 47.9 | 56.0 | 49.7 | 51.7 |
| Percent who reported high job satisfaction (answered 7-10 on a 0-10 scale) | | | | | | |
| Employed experimentals (%) | 65.2 | 56.3 | 57.4 | 58.2 | 61.1 | 60.5 |
| Employed controls (%) | 55.1 | -- | 52.8 | 62.7 | 61.5 | 58.0 |
| Sample size | | | | | | |
| Employed experimentals | 114 | 71 | 478 | 214 | 199 | 1076 |
| Employed controls | 110 | -- | 165 | 178 | 195 | 648 |

SOURCE: MDRC calculations using data from the GAIN registrant survey.

NOTES: Rounding may cause slight discrepancies in calculating sums and averages.

Tests of statistical significance of the differences between employed experimentals and employed controls were not performed, because such comparisons are non-experimental.

The follow-up period for the survey ranged from 26 to 37 months, on average, across the five counties where the registrant survey was conducted. Butte County was not included in the survey.

(a) An analysis of response patterns to the survey in Los Angeles revealed that the earnings and AFDC payments during the follow-up period of controls who responded to the survey differed markedly from those of controls who did not respond to the survey. For this reason, no estimates for controls are presented in this table for Los Angeles.

(b) In the all-county averages, the results for each county (excluding Los Angeles) are weighted equally.

describe the kinds of jobs registrants were getting and whether experimentals who worked were getting the same, better, or worse jobs than controls who worked.

Looking first at Riverside, Table 5.1 presents data on respondents' hours of employment. Employed experimentals worked an average of 32 hours at their most recent job, while employed controls worked an average of 32 hours; the distribution of hours of work was nearly identical for the two groups. In terms of income, Table 5.1 shows that employed experimentals actually earned less per hour at their most recent job than employed controls. The difference was 36 cents an hour, a 6 percent reduction in hourly wages compared to the employed controls ($5.78 versus $6.14). (In both Alameda and San Diego, there were small wage differences in the opposite direction.) The distributions of hourly and weekly wages presented in Table 5.1 show that a lower percentage of Riverside's employed experimentals, compared to employed controls, held recent jobs paying more than $7 an hour or more than $400 a week.

This pattern in Riverside may have occurred because, when many more welfare recipients are going to work, people with more marginal job skills and credentials may be entering the labor market, and because of these characteristics they can be expected to command lower wages. Thus, Riverside's very success in increasing the proportion of experimentals who ever worked (which was documented in Chapter 4) may have lowered the wage levels of its employed experimentals compared to employed controls – although, as Table 5.1 indicates, the effect was not dramatic.

Finally, the differences between employed experimentals and controls in Riverside on the five types of job benefits presented in Table 5.2 were generally small. For example, 28 percent of workers in the experimental group and 27 percent of workers in the control group received health benefits on their most recent job. Nor were there substantial differences when registrants rated their most recent jobs on five characteristics such as job security and advancement opportunities.

In sum, on measures that can be construed as indicating the "quality" or the "desirability" of the respondent's most recent job – including the number of hours of employment, the earnings per hour and per week, the reported employee benefits, and the respondent's opinion of her job – there appears to have been little difference between the jobs secured by Riverside experimentals and those secured by workers in the control group, except for the somewhat lower wage levels among experimentals.

A different pattern was found for Alameda. Table 5.1 shows that employed experimentals worked an average of about 30 hours per week on their most recent job (an increase of 3 hours, or 12 percent, in working time). Fewer employed experimentals worked less than 10 hours a week and more experimentals worked 40 hours a week or more. Employed experimentals also had higher weekly earnings than controls – an average of $209 versus $167, or $42 more a week (an increase of 25 percent compared to the weekly earnings of controls). While 21 percent of Alameda's employed experimentals earned more than $300 a week and 37 percent earned more than $7 an hour, among the controls these figures were 10 percent and 28 percent, respectively. Moreover, the difference in the proportion of employed experimentals and employed controls earning $400 per week or more was particularly large in Alameda (13 percent versus 4 percent). Finally, Table 5.2 shows that Alameda's employed experimentals were more likely to have received four of the five types of employee benefits, and there were differences of 10 percentage points or more on each of the five items that asked respondents to rate their jobs. There was not a single difference of comparable magnitude on these items in any of the other counties.

Since a relatively small proportion of respondents in Alameda ever worked, the sample sizes are low when just those recipients who got jobs are examined. Nevertheless, there were consistent differences on nearly all of the measures of job characteristics. It appears that Alameda experimentals were able to secure more desirable jobs when they entered the labor market than controls who worked. However, it is important to remember that Alameda produced a relatively modest effect on experimentals' rate of employment (as documented in Chapter 4). Therefore, as the next section will illustrate, Alameda's impacts on the overall likelihood of experimentals' obtaining more desirable jobs were not substantial, and, in fact, were lower than Riverside's.

In San Diego, there were some differences between employed experimentals and employed controls in average hours worked, hourly and weekly wages, and the receipt of health benefits. There were smaller differences between employed experimentals and employed controls in Tulare.

To summarize: In Riverside, San Diego and Tulare, experimentals who worked were generally getting the same kinds of jobs as controls, with some small differences. In contrast, in Alameda, nearly all of the measures of the desirability of jobs show that experimentals who worked were getting somewhat "better" jobs than controls who worked.

## II. GAIN's Impact on Job Quality

Whereas Tables 5.1 and 5.2 presented the characteristics of the most recent job held by experimentals and controls who said that they had worked during the survey follow-up period, Table 5.3 focuses on all experimentals and all controls. It shows the percentage of experimentals and controls who worked at a job of a specified type (based on the characteristics of the most recent job). This makes it possible determine GAIN's *impact* on experimental's likelihood of getting a job of a certain type, compared to what their chances of obtaining such a job would have been in the absence of the program. Three summary measures of respondents' most recent job are used: whether the job was full time (i.e., at least 30 hours a week) or part time, whether the respondent earned more or less than $200 a week, and whether or not the job provided health benefits. The table also presents differences in the rates of employment. Appendix Table F.1 presents a variety of other measures of job quality for the two research groups.

Looking at Riverside, GAIN had a large effect on self-reported employment, with 71 percent of the experimentals and 48 percent of the controls saying that they had ever been employed during the survey follow-up period, a difference of 23 percentage points.[1] Table 5.3 also shows that GAIN

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[1] This impact differs from the estimate presented in Chapter 4, which showed that, according to the Unemployment Insurance earnings records, Riverside's three-year impact on the rate of employment was 14 percentage points. An earlier report showed that, over a two-year follow-up period (which more closely paralleled the survey period in Riverside), the impact on employment was 17 percentage points. For a variety of reasons, it is not unusual for survey data and administrative records to produce different findings on employment effects. For example, some jobs are not covered by the Unemployment Insurance system. For further discussion of this issue, see Orr et al., 1994.

## TABLE 5.3

## GAIN's IMPACTS ON THE PERCENTAGE OF AFDC-FG REGISTRANTS WHO REPORTED BEING EMPLOYED WITHIN TWO TO THREE YEARS AFTER ORIENTATION AND THE PERCENTAGE MOST RECENTLY EMPLOYED AT A JOB WITH SELECTED CHARACTERISTICS

| Outcome and Research Group | Alameda | Los Angeles (a) | Riverside | San Diego | Tulare | All Counties (b) |
|---|---|---|---|---|---|---|
| **Impact on the rate of employment** | | | | | | |
| Ever employed during the follow-up period, self-reported | | | | | | |
| Experimentals (%) | 33.5 (c) | 31.8 | 70.9 | 64.1 | 55.2 | 55.9 |
| Controls (%) | 32.1 | -- | 48.3 | 52.3 | 54.5 | 46.8 |
| Difference | 1.4 | -- | 22.7 *** | 11.8 *** | 0.7 | 9.1 (d) |
| **Impact on the number of hours worked per week at most recent job** | | | | | | |
| Ever employed during the follow-up period and most recent job provided at least 30 hours of work per week | | | | | | |
| Experimentals (%) | 19.2 | 15.7 | 45.4 | 41.4 | 39.4 | 36.3 |
| Controls (%) | 17.8 | -- | 30.8 | 31.8 | 38.8 | 29.8 |
| Difference | 1.4 | -- | 14.6 *** | 9.5 *** | 0.6 | 6.5 (d) |
| Ever employed during the follow-up period and most recent job provided less than 30 hours of work per week | | | | | | |
| Experimentals (%) | 13.9 | 16.1 | 25.4 | 22.6 | 15.6 | 19.4 |
| Controls (%) | 14.3 | -- | 17.4 | 20.4 | 15.4 | 16.9 |
| Difference | -0.4 | -- | 8.0 *** | 2.2 | 0.1 | 2.5 (d) |
| **Impact on weekly earnings** | | | | | | |
| Ever employed during the follow-up period and most recent job paid more than $200 per week (e) | | | | | | |
| Experimentals (%) | 16.4 | 10.8 | 29.2 | 31.5 | 24.7 | 25.5 |
| Controls (%) | 13.0 | -- | 20.5 | 23.7 | 27.7 | 21.2 |
| Difference | 3.4 | -- | 8.7 *** | 7.8 ** | -3.0 | 4.2 (d) |
| Ever employed during the follow-up period and most recent job paid less than $200 per week (e) | | | | | | |
| Experimentals (%) | 16.7 | 21.1 | 41.6 | 32.6 | 30.4 | 30.3 |
| Controls (%) | 19.1 | -- | 27.6 | 28.6 | 26.8 | 25.5 |
| Difference | -2.4 | -- | 14.0 *** | 4.0 | 3.6 | 4.8 (d) |

(continued)

TABLE 5.3 (continued)

| Outcome and Research Group | Alameda | Los Angeles (a) | Riverside | San Diego | Tulare | All Counties |
|---|---|---|---|---|---|---|
| **Impact on provision of health benefits** | | | | | | |
| Ever employed during the follow-up period and most recent job provided health benefits | | | | | | |
| Experimentals (%) | 8.9 | 8.1 | 19.4 | 20.7 | 11.8 | 15.2 |
| Controls (%) | 7.9 | -- | 12.6 | 13.4 | 12.2 | 11.5 |
| Difference | 1.0 | -- | 6.7 *** | 7.3 ** | -0.3 | 3.7 (d) |
| Ever employed during the follow-up period and most recent job did not provide health benefits | | | | | | |
| Experimentals (%) | 24.1 | 23.8 | 50.6 | 43.2 | 42.7 | 40.2 |
| Controls (%) | 24.1 | -- | 34.2 | 38.6 | 41.9 | 34.7 |
| Difference | 0.1 | -- | 16.4 *** | 4.5 | 0.9 | 5.5 (d) |
| Sample size | | | | | | |
| Experimentals | 335 | 223 | 674 | 337 | 356 | 1925 |
| Controls | 348 | -- | 342 | 336 | 363 | 1389 |

SOURCE: MDRC calculations using data from the GAIN registrant survey.

NOTES: Rounding may cause slight discrepancies in calculating sums, averages, and differences.

A two-tailed t-test was applied to the differences between the experimental and control groups in each county. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; * = 10 percent.

The follow-up period for the survey ranged from 26 to 37 months, on average, across the five counties where the registrant survey was conducted. Butte County was not included in the survey.

(a) An analysis of response patterns to the survey in Los Angeles revealed that the earnings and AFDC payments during the follow-up period of controls who responded to the survey differed markedly from those of controls who did not respond to the survey. For this reason, no estimates for controls and no impacts are presented in this table for Los Angeles.

(b) In the all-county averages, the results of each county (excluding Los Angeles) are weighted equally.

(c) In Alameda, employment rates were substantially underreported on the registrant survey, according to a comparison with the "ever employed" rate indicated by automated records data through quarter 9 for the same sample of survey respondents. Those records data show that 42 percent of experimentals and 36 percent of controls had been employed, for an impact of 6 percentage points.

(d) Tests of statistical significance of the experimental-control difference for all counties combined were not performed.

(e) Most respondents reported gross (i.e., pre-tax) earnings. However, a sizable minority (roughly 20 percent) reported net (i.e., post-tax) earnings. No adjustment was made for those reporting post-tax earnings. Therefore, the estimates presented in this table somewhat underestimate the percentage of respondents with gross weekly earnings in excess of a given level.

had statistically significant effects on obtaining both full-time and part-time jobs, as indicated by the characteristics of the most recent job obtained. In other words, experimentals had a higher probability of working at a full-time job than they would have had in the absence of GAIN; however, they also had a higher probability of working at a part-time job. The observed effect of GAIN on obtaining a full-time job (an experimental-control difference of 15 percentage points)[2] was somewhat larger than its effect on obtaining a part-time job (an experimental-control difference of 8 percentage points).[3] Similar comparisons can be made for the other job characteristics listed in Table 5.3. The effect of GAIN in Riverside was greater on getting a lower-paying job (a 14 percentage point difference) than on getting one that paid more than $200 a week (an 8.7 percentage point difference), and GAIN had a substantially greater effect on securing a job that did not provide health benefits (a 16 percentage point difference) than on securing one that did (a 6.7 percentage point difference). These patterns simply reflect the fact that in Riverside experimentals and controls who were employed got jobs that, more often than not, paid less than $200 a week and offered no health benefits; however, more of the experimentals got jobs.

In San Diego, there was a 12 percentage point difference in self-reported employment between experimentals and controls over the follow-up period. This difference was greater for full-time rather than part-time jobs, for higher-paying rather than lower-paying jobs, and for jobs that provided health benefits. Thus, while GAIN produced a smaller increase in the rate of employment in San Diego than in Riverside, more of this employment was in jobs that had desirable characteristics.

Table 5.3 shows that, in Alameda and Tulare, there were no statistically significant differences in ever being employed during the follow-up period (based, like all the survey data, on self-report). In Tulare, a longer follow-up period would probably have shown a different result because, as Chapter 4 indicated, Tulare began to produce significant effects on employment and earnings for AFDC-FGs only in the third year after orientation.

In Alameda, the results presented in Chapter 4 showed an increase in the experimental group's rate of employment of 8 percentage points over the three-year follow-up period. It is likely that employment in Alameda was under-reported by experimentals on the survey.[4] Another problem in

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[2] Appendix Table F.1 shows that, for a 40-hour-a-week job, the effect of GAIN is only diminished to 12 percentage points. Appendix Table F.1 also presents a different type of variable pertaining to part-time work. It divides respondents into three groups, based on their work patterns: those whose jobs during the follow-up period were all full time (more than 30 hours a week), those whose jobs were all part time, and those who had been employed at both full-time and part-time jobs. Experimentals in both Riverside and San Diego were significantly more likely than controls to have had full-time or a combination of full-time and part-time jobs; they were no more likely than controls to have worked *just* part time. This suggests that, in those counties, GAIN may have had its impact on employment and earnings by increasing experimentals' chances of obtaining full-time work. However, evidence is not yet available on the sequence of jobs or on how long respondents spent in different types of jobs, so this evidence should not be viewed as conclusive.

[3] A test of the statistical significance of the difference between the impact on obtaining a full-time versus the impact on obtaining a part-time job was not computed.

[4] The Unemployment Insurance employment records used in Chapter 4 show that 49 percent of Alameda's experimentals and 41 percent of its controls had worked over the three-year follow-up period, producing the impact of 8 percentage points. An earlier report showed that, over two years of follow-up (which more closely paralleled the survey period in Alameda), 42 percent of experimentals had worked compared to 35 percent of controls, yielding an impact of 7 percentage points (Friedlander, Riccio, and Freedman, 1993).

Alameda is that the rate of employment for all recipients was low compared to that of other counties (except Los Angeles). This makes it more difficult to detect, for the full sample, the differences in job quality that were noted above among the relatively few recipients who worked. While Table 5.3 showed no statistically significant differences for Alameda, Appendix Table F.1 does show two such differences: Fewer Alameda experimentals were working at their most recent job for less than 10 hours a week (0.8 percent versus 4.7 percent for controls), and more experimentals were earning above $300 a week (7.6 percent versus 4.7 percent for controls).

It is difficult to connect specific characteristics of a county's GAIN program with its impacts on employment and earnings. Nevertheless, a comparison of the findings from Riverside and Alameda is suggestive. The strategy of encouraging quick entry into the labor market in Riverside (discussed in Chapter 2) appears to have been associated with high rates of employment but no differences in the types of jobs obtained by experimentals and controls who worked. At the other end of the spectrum, the data show that, on a variety of measures, employed experimentals entered higher-quality jobs than employed controls in Alameda. In addition, at least some experimental-control comparisons – particularly the percentage of registrants earning above $300 – support this finding, as does the analysis in Chapter 4. The GAIN strategy in Alameda emphasized occupational skills training. While this may have produced only small effects on rates of employment, it also seems to have enabled at least some Alameda experimentals to enter jobs with more desirable characteristics.

## III. GAIN's Impact on Quality of Life Measures

A second focus of this chapter is the larger effects of GAIN on survey respondents' quality of life. In counties where GAIN helped registrants enter the job market, did the chance to work affect their lives positively? Or did the strains of working affect them negatively? The following analysis shows that, even in counties where GAIN was having its greatest effect on employment, there was scant evidence of any effect on other aspects of these recipients' lives.

Table 5.4 shows that, across all four counties, about 16 percent of AFDC-FG experimentals were currently married and living with their husbands at the time of the survey and about 10 percent had given birth during the follow-up period. There were no statistically significant differences between experimentals and controls on these variables in any of the counties.

In Riverside, 27 percent of experimentals but only 18 percent of controls reported not having had public or private health insurance in the month prior to the survey. Although Table 5.2 showed that Riverside experimentals were slightly more likely than controls to have received health benefits on their most recent job, by the end of the survey follow-up period, fewer experimentals had access to health care.

In Riverside, 3 percent of experimentals but only 1.2 percent of controls received Supplemental Security Income (SSI). There were also statistically significant differences in both Alameda and San Diego, but these differences were in the opposite direction, with fewer experimentals receiving SSI.

Across all four counties, about 27 percent of experimentals lived in public housing or received government rent subsidies; 14 percent received assistance for heating or cooling costs in the month before the survey. The rates on these variables were almost exactly the same for controls.

## TABLE 5.4

## GAIN's IMPACTS ON SELECTED NON-MONETARY OUTCOMES FOR AFDC-FG REGISTRANTS WITHIN TWO TO THREE YEARS AFTER ORIENTATION

| Outcome and Research Group | Alameda | Los Angeles (a) | Riverside | San Diego | Tulare | All Counties (b) |
|---|---|---|---|---|---|---|
| **Family status** | | | | | | |
| Currently married and living with spouse | | | | | | |
| Experimentals (%) | 6.9 | 13.5 | 16.5 | 14.0 | 24.7 | 15.5 |
| Controls (%) | 5.3 | -- | 17.4 | 15.8 | 22.3 | 15.2 |
| Difference | 1.6 | -- | -0.9 | -1.7 | 2.4 | 0.4 (c) |
| Respondents who had given birth during the follow-up period | | | | | | |
| Experimentals (%) | 11.4 | 5.6 | 9.2 | 9.6 | 9.2 | 9.9 |
| Controls (%) | 8.6 | -- | 9.7 | 7.4 | 8.2 | 8.5 |
| Difference | 2.8 | -- | -0.5 | 2.1 | 0.9 | 1.3 (c) |
| **Medical coverage and disability income in the month prior to the month of the survey interview** | | | | | | |
| Covered by (or with a spouse or child covered by) Medicaid | | | | | | |
| Experimentals (%) | 85.2 | 83.8 | 64.3 | 71.0 | 77.9 | 74.6 |
| Controls (%) | 87.0 | -- | 69.9 | 79.1 | 72.6 | 77.1 |
| Difference | -1.8 | -- | -5.6 * | -8.1 ** | 5.3 | -2.5 (c) |
| Not personally covered by Medicaid or other health insurance | | | | | | |
| Experimentals (%) | 11.4 | 11.7 | 27.0 | 17.5 | 17.6 | 18.4 |
| Controls (%) | 8.3 | -- | 18.4 | 15.7 | 20.6 | 15.7 |
| Difference | 3.1 | -- | 8.6 *** | 1.7 | -3.0 | 2.6 (c) |
| A child living with the respondent not covered by Medicaid or other health insurance | | | | | | |
| Experimentals (%) | 10.7 | 22.9 | 21.3 | 14.6 | 13.8 | 15.1 |
| Controls (%) | 8.9 | -- | 17.5 | 12.8 | 18.3 | 14.4 |
| Difference | 1.8 | -- | 3.8 | 1.7 | -4.5 | 0.7 (c) |
| Received Supplemental Security Income (SSI) | | | | | | |
| Experimentals (%) | 2.3 | 5.4 | 3.0 | 0.1 | 4.7 | 2.5 |
| Controls (%) | 4.7 | -- | 1.2 | 1.9 | 4.5 | 3.1 |
| Difference | -2.4 * | -- | 1.8 * | -1.9 ** | 0.1 | -0.6 (c) |

(continued)

## TABLE 5.4 (continued)

| Outcome and Research Group | Alameda | Los Angeles (a) | Riverside | San Diego | Tulare | All Counties (b) |
|---|---|---|---|---|---|---|
| **Government housing and energy assistance (d)** | | | | | | |
| Currently living in public housing or receiving government rent subsidy (e.g., "Section 8" housing assistance) | | | | | | |
| Experimentals (%) | 46.5 | 33.6 | 18.6 | 25.7 | 17.8 | 27.2 |
| Controls (%) | 52.2 | -- | 18.5 | 24.1 | 15.5 | 27.6 |
| Difference | -5.7 | -- | 0.1 | 1.7 | 2.3 | -0.4 (c) |
| Household received government assistance with heating or cooling costs in the month prior to the survey interview | | | | | | |
| Experimentals (%) | 19.4 | 9.0 | 10.8 | 10.0 | 14.8 | 13.7 |
| Controls (%) | 18.1 | -- | 11.4 | 13.6 | 12.8 | 14.0 |
| Difference | 1.3 | -- | -0.6 | -3.6 | 1.9 | -0.2 (c) |
| Sample size | | | | | | |
| Experimentals | 335 | 223 | 674 | 337 | 356 | 1925 |
| Controls | 348 | -- | 342 | 336 | 363 | 1389 |
| **Physical health (e)** | | | | | | |
| Rated current physical health as "very good" or "excellent" compared to people of similar age | | | | | | |
| Experimentals (%) | 30.6 | 25.5 | 33.9 | 44.7 | 30.5 | 34.9 |
| Controls (%) | 29.1 | -- | 31.8 | 37.9 | 36.5 | 33.8 |
| Difference | 1.5 | -- | 2.1 | 6.8 | -6.0 | 1.1 (c) |
| **Overall material hardship** | | | | | | |
| Average number of material hardships reported on an index covering 8 hardships (f) | | | | | | |
| Experimentals | 2.0 | 1.9 | 2.1 | 1.7 | 2.2 | 2.0 |
| Controls | 1.9 | -- | 2.0 | 1.9 | 2.2 | 2.0 |
| Difference | 0.1 | -- | 0.1 | -0.2 | 0.0 | -0.0 (c) |
| Sample size | | | | | | |
| Experimentals | 223 | 146 | 447 | 223 | 237 | 1276 |
| Controls | 228 | -- | 231 | 223 | 235 | 917 |

(continued)

## TABLE 5.4 (continued)

| Outcome and Research Group | Alameda | Los Angeles (a) | Riverside | San Diego | Tulare | All Counties (b) |
|---|---|---|---|---|---|---|
| **Perceptions of overall quality of life (d)** | | | | | | |
| Currently unhappy, sad, or depressed "very often" or "fairly often" | | | | | | |
| Experimentals (%) | 40.3 | 40.0 | 37.5 | 36.8 | 35.8 | 37.6 |
| Controls (%) | 38.6 | -- | 32.9 | 37.8 | 34.1 | 35.8 |
| Difference | 1.7 | -- | 4.6 | -1.0 | 1.7 | 1.8 (c) |
| Currently "satisfied" or "very satisfied" with overall standard of living | | | | | | |
| Experimentals (%) | 44.5 | 51.7 | 52.3 | 56.5 | 57.9 | 52.8 |
| Controls (%) | 40.6 | -- | 52.3 | 55.1 | 61.2 | 52.3 |
| Difference | 3.9 | -- | -0.0 | 1.4 | -3.3 | 0.5 (c) |
| Currently "satisfied" or "very satisfied" with life as a whole | | | | | | |
| Experimentals (%) | 52.9 | 54.5 | 56.6 | 54.7 | 63.7 | 56.9 |
| Controls (%) | 43.7 | -- | 57.3 | 60.7 | 65.3 | 56.7 |
| Difference | 9.3 * | -- | -0.7 | -6.1 | -1.7 | 0.2 (c) |
| Rate life as a whole "a little better" or "much better" than it was 2 years earlier | | | | | | |
| Experimentals (%) | 61.9 | 58.6 | 69.5 | 68.8 | 67.9 | 67.0 |
| Controls (%) | 58.0 | -- | 62.9 | 69.4 | 68.9 | 64.8 |
| Difference | 3.9 | -- | 6.6 * | -0.7 | -0.9 | 2.2 (c) |
| Sample size | | | | | | |
| Experimentals | 223 | 145 | 460 | 230 | 244 | 1302 |
| Controls | 231 | -- | 228 | 231 | 250 | 940 |

SOURCE: MDRC calculations using data from the GAIN registrant survey.

NOTES: Rounding may cause slight discrepancies in calculating sums, averages, and differences.

A two-tailed t-test was applied to the differences between the experimental and control groups in each county. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; * = 10 percent.

The follow-up period for the survey ranged from 26 to 37 months, on average, across the five counties where the registrant survey was conducted. Butte County was not included in the survey.

(a) An analysis of response patterns to the survey in Los Angeles revealed that the earnings and AFDC payments during the follow-up period of controls who responded to the survey differed markedly from those of controls who did not respond to the survey. For this reason, no estimates for controls and no impacts are presented in this table for Los Angeles.

(b) In the all-county averages, the results for each county (excluding Los Angeles) are weighted equally.

(c) Tests of statistical significance of the experimental-control difference for all counties combined were not performed.

(d) Less than 1 percent of survey respondents (experimentals and controls combined) did not respond to the specific items in this panel across the four counties. Nonresponders were not included in calculating the results presented.

(e) Less than 3 percent of survey respondents (experimentals and controls combined) did not respond to the specific items in this panel across the four counties. Nonresponders were not included in calculating the results presented.

(f) Using an index presented in Mayer and Jencks (1988), respondents were asked if they were experiencing any of eight specific types of material hardships relating to inadequate food, shelter, and medical coverage.

Only one-third of respondents rated their physical health as "very good" or "excellent" when compared to people their own age; these ratings did not vary significantly by research group in any of the counties.

The survey collected data on eight indicators of material hardship including whether respondents had enough food, adequate housing, and access to health care. Respondents reported an average of two problems in these eight areas, with no significant differences by research group.[5]

Finally, respondents were asked to rate the quality of their lives. For example, were they "satisfied" or "very satisfied" with their overall standard of living? About 38 percent of experimentals saw themselves as currently unhappy, sad, or depressed, while between 53 and 67 percent answered each of the other items in a direction that indicated general satisfaction. In Riverside, more experimentals than controls saw their lives as better than two years earlier (70 percent versus 63 percent). In Alameda, more experimentals were satisfied with "life as a whole now." Apart from these two statistically significant findings, there was no noteworthy pattern of experimental-control group differences in any of the counties by the end of the survey follow-up period.

In sum, Table 5.4 examined 14 non-monetary outcomes concerning living conditions and perceived quality of life. There were statistically significant differences on only 8 of 56 comparisons (4 of these 8 differences were in Riverside). Of course, a much wider range of indicators could be developed. At least for this selection of indicators, however, the evidence suggests that GAIN, no matter what its effect on employment, neither improved nor diminished the living conditions or quality of life of these respondents by the end of the two- to three-year survey follow-up period.

Finally, Table 5.5 presents some preliminary evidence that the way a GAIN program is conducted may affect the attitudes of recipients. The table examines three items about the preference for work or welfare: "Unless a job offers me medical benefits and more money than AFDC, I'd rather be on AFDC," "I would only take a full-time job if it paid more than $6 an hour and provided medical benefits," and "Even a low-paying job is better than being on welfare."

In Riverside, there were statistically significant differences on the first and third items. Compared to the controls, experimentals less often "strongly agreed" with the first item and more often "strongly agreed" with the third item. In both cases, they were saying that it is better to work than to be on welfare. In contrast, in Alameda, there was a significant difference on the first item only, but it was in the opposite direction: More experimentals preferred to be on welfare unless they could get a job that paid more than $6 an hour and provided medical benefits. The differences on the second item were not statistically significant but were consistent with the overall patterns for Alameda and Riverside.

While based on responses to only a few questions, the attitude changes in Riverside and Alameda parallel the emphases in their GAIN programs. Riverside's program strongly emphasized moving registrants quickly into jobs and encouraging them not to be very selective about the quality of their first job (see Chapter 2); its registrants moved in the direction of preferring work to welfare. In contrast, Alameda more strongly encouraged job skills training in the hope that registrants would

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[5] These items were taken from a scale used by researchers at Northwestern University to measure material hardship. See Mayer and Jencks, 1989.

## TABLE 5.5

## GAIN's IMPACTS ON AFDC–FG REGISTRANTS' ATTITUDES TOWARD WORK AND WELFARE AT THE TIME OF THE TWO– TO THREE–YEAR SURVEY INTERVIEW

| Outcome and Research Group | Alameda | Los Angeles (a) | Riverside | San Diego | Tulare | All Counties (b) |
|---|---|---|---|---|---|---|
| Strongly agreed (answered 7–10 on a 0–10 scale) that "Unless a job offers me medical benefits and more money than AFDC, I'd rather be on AFDC" | | | | | | |
| Experimentals (%) | 46.6 | 40.6 | 26.6 | 35.7 | 30.8 | 34.9 |
| Controls (%) | 38.9 | -- | 39.0 | 34.9 | 31.6 | 36.1 |
| Difference | 7.7 ** | -- | –12.4 *** | 0.8 | –0.8 | –1.2 (c) |
| Average score (on a 0–10 scale) for " Unless a job offers me medical benefits and more money than AFDC, I'd rather be on AFDC" | | | | | | |
| Experimentals (%) | 5.4 | 5.0 | 3.5 | 4.3 | 4.1 | 4.3 |
| Controls (%) | 4.7 | -- | 4.5 | 4.4 | 3.8 | 4.3 |
| Difference | 0.7 ** | -- | –1.0 *** | –0.1 | 0.3 | –0.0 (c) |
| Strongly agreed (answered 7–10 on a 0–10 scale) that "I would only take a full–time job if it paid more than $6 an hour and provided medical benefits" | | | | | | |
| Experimentals (%) | 73.6 | 57.3 | 47.3 | 56.3 | 48.1 | 56.3 |
| Controls (%) | 67.9 | -- | 51.3 | 58.6 | 50.9 | 57.2 |
| Difference | 5.7 | -- | –4.0 | –2.3 | –2.9 | –0.9 (c) |
| Average score (on a 0–10 scale) for "I would only take a full–time job if it paid more than $6 an hour and provided medical benefits" | | | | | | |
| Experimentals (%) | 7.6 | 6.4 | 5.4 | 6.2 | 5.7 | 6.2 |
| Controls (%) | 7.3 | -- | 5.9 | 6.5 | 5.7 | 6.3 |
| Difference | 0.3 | -- | –0.4 | –0.3 | 0.0 | –0.1 (c) |
| Strongly agreed (answered 7–10 on a 0–10 scale) that "Even a low–paying job is better than being on welfare" | | | | | | |
| Experimentals (%) | 33.3 | 40.2 | 52.3 | 49.3 | 50.0 | 46.2 |
| Controls (%) | 33.3 | -- | 43.3 | 43.5 | 52.4 | 43.1 |
| Difference | 0.1 | -- | 9.0 *** | 5.8 | –2.4 | 3.1 (c) |
| Average score (on a 0–10 scale) for "Even a low–paying job is better than being on welfare" | | | | | | |
| Experimentals (%) | 4.8 | 4.9 | 6.2 | 6.0 | 6.1 | 5.8 |
| Controls (%) | 4.7 | -- | 5.6 | 5.6 | 6.1 | 5.5 |
| Difference | 0.0 | -- | 0.7 *** | 0.4 | 0.0 | 0.3 (c) |
| Sample size | | | | | | |
| Experimentals | 335 | 223 | 674 | 337 | 356 | 1925 |
| Controls | 348 | -- | 342 | 336 | 363 | 1389 |

(continued)

## TABLE 5.5 (continued)

SOURCE: MDRC calculations using data from the GAIN registrant survey.

NOTES: Rounding may cause slight discrepancies in calculating sums, averages, and differences.

A two-tailed t-test was applied to the differences between the experimental and control groups in each county. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; * = 10 percent.

Estimates are regression-adjusted using ordinary least squares, controlling for pre-random assignment background characteristics of the sample members.

The follow-up period for the survey ranged from 26 to 37 months, on average, across the five counties where the registrant survey was conducted. Butte County was not included in the survey.

Ninety-six percent of survey respondents (experimentals and controls combined) responded to the specific items in this table across the four counties. Nonresponders are not included in calculating the results presented.

(a) An analysis of response patterns to the survey in Los Angeles revealed that the earnings and AFDC payments during the follow-up period of controls who responded to the survey differed markedly from those of controls who did not respond to the survey. For this reason, no estimates for controls and no impacts are presented in this table for Los Angeles.

(b) In the all-county averages, the results of each county (excluding Los Angeles) are weighted equally.

(c) Tests of statistical significance of the experimental-control difference for all counties combined were not performed.

get "better" jobs; its registrants moved in the direction of preferring welfare unless they could secure a "better" job. Thus, welfare programs with strong and consistent messages may have the potential, as illustrated by these patterns of response, to affect recipients' perceptions about work and welfare.

## IV. Employment Behavior

The analysis in this and previous chapters has focused on comparing experimentals and controls. In contrast, this section explores some of the general processes that may affect the labor market behavior of all welfare recipients. It uses both quantitative data from the registrant survey and a qualitative analysis of open-ended responses on the survey to address three issues: (1) Why did a substantial group of respondents who found work quit their jobs? (2) Why were a substantial group of respondents at the time of the two- to three-year survey neither working nor looking for work? (3) What were the incentives for working, and were these incentives understood?

### A. Leaving Jobs

Table 5.6 gives data for AFDC-FG employed experimentals and employed controls in all four counties combined. It shows that 43 percent of employed experimentals had left a job during the two- to three-year follow-up period. Asked why they had left their most recent job, 25 percent of those who left a job said that they had been laid off; 13 percent, that they had been fired; 21 percent, that the job had ended; and 41 percent, that they had quit. Table 5.6 also shows that there were generally similar experiences among employed controls. Why had such a substantial proportion of registrants quit jobs?

Respondents were asked to specify the "main reason" they quit, and interviewers were asked to record their responses verbatim. In total, 223 responses were given to this open-ended item. These included responses from registrants who had quit either their most recent job or the job they held when they left welfare. Moreover, they included responses from experimentals and controls, AFDC-FGs and AFDC-Us, and respondents in Los Angeles. In order to work with a sizable sample, and because not all those who quit jobs responded to the open-ended item, all responses available from the survey are included in the following analysis. Therefore, the reasons for quitting reported below are not necessarily representative of the groups of AFDC-FG experimentals and controls that are the focus of other sections of this chapter.

The most frequent reason for quitting was that the respondent had found better (usually higher-paying) work, which was true for 22 percent of the 223 respondents. Other respondents said that their job had been a poor one with low pay and no opportunities for advancement (8 percent), or involved unacceptable working hours or working conditions (4 percent). For example, one respondent talked of night work as "not being suitable for my family," while another felt that "graveyard hours" were jeopardizing her "rehabilitation." One worker left for a "job with benefits"; another said that "work had slowed down, I was not satisfied to be working just a few hours a week, and I quit to look for better work"; a third "couldn't carry all the plates on my arm"; and a store clerk who had been robbed at gunpoint at work was afraid to return.

An additional 18 percent of respondents reported that they had quit jobs because of an interpersonal problem, usually with a boss or supervisor. For example,

## TABLE 5.6

## REPORTED REASONS FOR LEAVING A JOB AMONG AFDC-FG REGISTRANTS WHO LEFT A JOB WITHIN TWO TO THREE YEARS AFTER GAIN ORIENTATION IN FOUR COUNTIES COMBINED, BY RESEARCH GROUP

| Sample and Outcome | Employed Experimentals | Employed Controls |
|---|---|---|
| **All employed respondents** | | |
| Percent who left a job during the follow-up period | 42.8 | 42.1 |
| Sample size | 1005 | 648 |
| **All employed respondents who left a job during the follow-up period (a)** | | |
| Most recent reason for leaving a job (%) | | |
| Laid off | 25.1 | 17.5 |
| Fired | 13.4 | 11.0 |
| Job ended | 20.8 | 26.6 |
| Quit | 40.8 | 44.9 |
| Sample size | 430 | 273 |

SOURCE: MDRC calculations using data from the GAIN registrant survey.

NOTES: Rounding may cause slight discrepancies in calculating sums and averages.

The results in the table are based on data from Alameda, Riverside, San Diego, and Tulare Counties only. Butte County was not included in the survey. Furthermore, results from Los Angeles are excluded because an analysis of response patterns to the survey in Los Angeles revealed that the earnings and AFDC payments during the follow-up period of controls who responded to the survey differed markedly from those of controls who did not respond to the survey.

The follow-up period for the survey ranged from 26 to 37 months, on average, across the five counties where the registrant survey was conducted.

Tests of statistical significance of the differences in outcomes between the subsets of experimentals and controls included in this table were not performed, because such comparisons are non-experimental.

(a) Response rates for this panel were 97.4 percent and 96.3 percent for experimentals and controls, respectively. Nonresponders were not included in calculating the results presented.

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"The manager was very lousy. They were rude and did not know how to treat individuals."

"I had a big disagreement with the persons at the bingo place."

"Management was abusing me. I was pregnant, and when I told them I could not lift heavy things, they yelled at me."

"Sexual harassment."

Included in this category are some who felt they had been cheated:

"They were not paying me all my money. They were cheating me."

"I left because they cheated me out of my vacation pay."

Most of the remaining responses fell into two categories: 12 percent quit jobs because they had medical problems, and 19 percent quit because of transportation problems. In most instances, transportation problems did not occur because respondents had taken jobs so far away from their homes that they could not get to them, or because their means of transportation was unreliable. Usually such problems arose because the respondent had to move, owing to a changing family situation or a sick relative.

Finally, a number of explanations for quitting work were noteworthy because of their very infrequency. These included: a desire not to work anymore (.004 percent of the open-ended responses), wanting to return to welfare to receive medical benefits (.004 percent), becoming pregnant (1 percent), planning to go to school (2 percent), having disagreements with spouses or mates because of work (3 percent), or having child care problems (4 percent).

Thus, the reasons respondents gave for quitting jobs revolved around their seeking more suitable and better-paying employment, tensions they experienced at the workplace, changes in their family situations, and illnesses. An open-ended question tries to elicit the frame of reference of respondents. What is perhaps most notable about these answers is the absence of any questioning of the value of work or any endorsement of the view that welfare provides a better option than work.

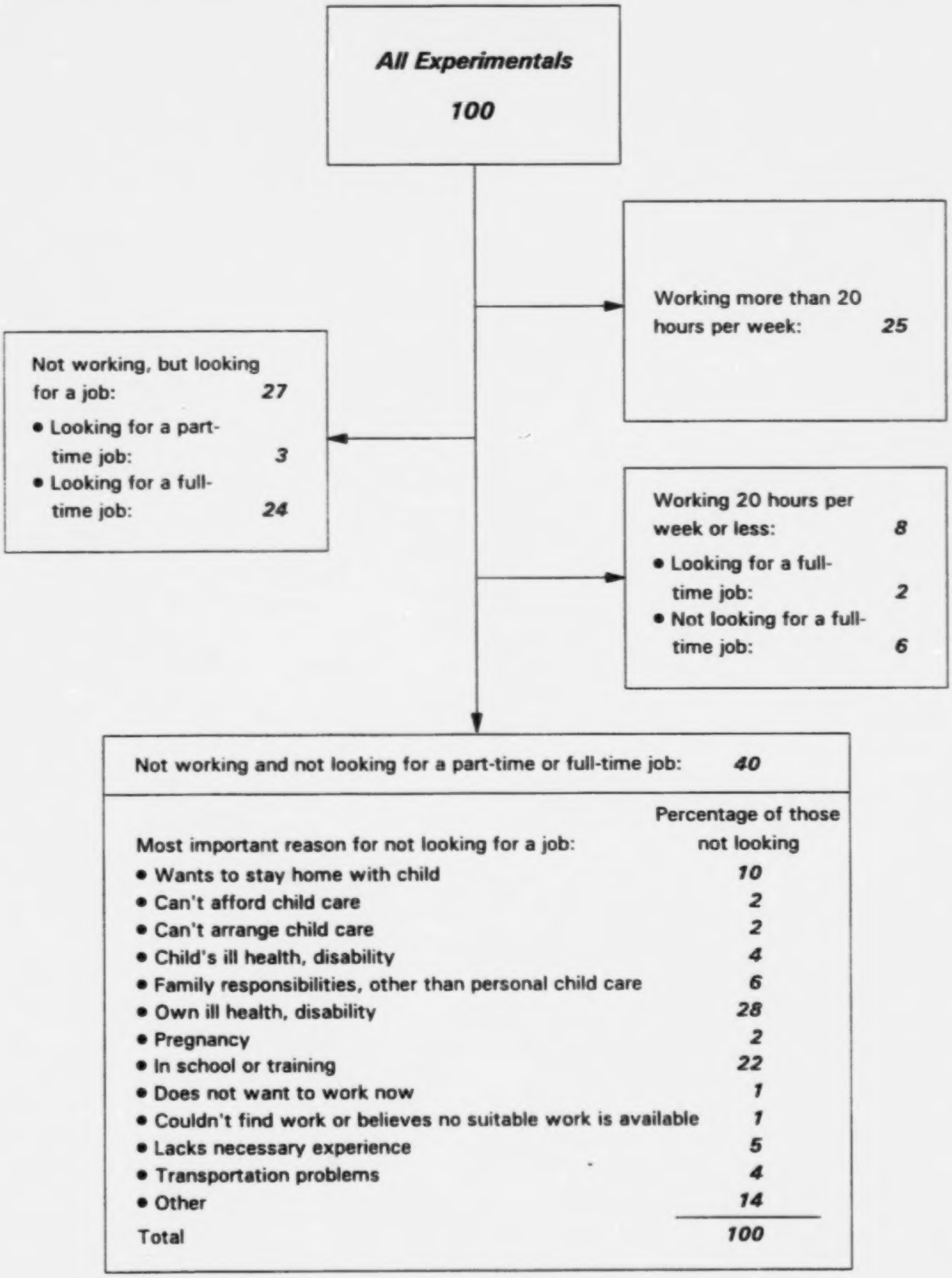
### B. Remaining Out of the Labor Market

Figure 5.1 gives the self-reported employment status of all AFDC-FG experimental group survey respondents in the four survey counties at the time they were interviewed. The figure shows that, for each 100 experimentals, 25 were working more than 20 hours a week, 8 were working less than 20 hours a week, and 27 were not working but were looking for work. Thus, two to three years after random assignment, more than half the registrants were in the labor market. However, a substantial group of respondents – 40 – said that they were neither working nor looking for work. How did these individuals account for their labor market inactivity?

Figure 5.1 presents the "most important reason" given by experimentals for not looking for work. In 28 percent of the cases, it was the respondent's own ill health or disability; in 2 percent, pregnancy; in 4 percent, a child's ill health or disability; and in 6 percent, other family responsibilities (often, the ill health or disability of a parent or partner). These categories account for 40 percent of

## FIGURE 5.1

## SELF-REPORTED EMPLOYMENT STATUS AND REASONS FOR NOT LOOKING FOR WORK AMONG AFDC-FG EXPERIMENTAL SURVEY RESPONDENTS IN FOUR COUNTIES AT THE TIME OF THE TWO- TO THREE-YEAR INTERVIEW


All Experimentals
100
Working more than 20 hours per week: 25
Not working, but looking for a job: 27
• Looking for a part-time job: 3
• Looking for a full-time job: 24
Working 20 hours per week or less: 8
• Looking for a full-time job: 2
• Not looking for a full-time job: 6
Not working and not looking for a part-time or full-time job: 40

| Most important reason for not looking for a job: | Percentage of those not looking |
|---|---|
| • Wants to stay home with child | 10 |
| • Can't afford child care | 2 |
| • Can't arrange child care | 2 |
| • Child's ill health, disability | 4 |
| • Family responsibilities, other than personal child care | 6 |
| • Own ill health, disability | 28 |
| • Pregnancy | 2 |
| • In school or training | 22 |
| • Does not want to work now | 1 |
| • Couldn't find work or believes no suitable work is available | 1 |
| • Lacks necessary experience | 5 |
| • Transportation problems | 4 |
| • Other | 14 |
| Total | 100 |

SOURCE AND NOTES: See Table 5.6.
The results in this figure are based on data from Alameda, Riverside, San Diego, and Tulare.

the inactive recipients. Another 22 percent were attending school or training programs. A third category involves childrearing. Only 2 percent said that they were not looking for work because they could not afford child care, and only 2 percent cited the difficulty of arranging for child care. However, 10 percent said that they wanted to stay home with their children. Together, these responses account for 14 percent of those who were inactive in the labor market. Figure 5.2 presents similar data for controls.

The only additional large category of responses in Figures 5.1 and 5.2 is represented by the group labeled "other." Their responses covered a wide range of life situations: Some were planning to enter school; some were in the process of moving; some were seasonal workers; some were homeless; and so forth. Very few indicated that they viewed welfare as a better option than work.

### C. Monetary Incentives to Work

Respondents rarely indicated that it is not worthwhile for them to work, or that the pay they could command in the workplace was not a substantial enough inducement to work. However, this raises the question of whether there really were sufficient monetary incentives for participants in the GAIN evaluation to work or whether, as is frequently alleged, there was little or no incentive to work. In other words, did work pay?

Table 5.7 gives examples of how much a California welfare recipient would have received in monthly income under the rules that were in effect in 1993. The table is based on four factors: earnings, AFDC grant levels, Food Stamp allotments, and the Earned Income Tax Credit (EITC). It does not include the value of Medi-Cal (Medicaid) eligibility, public housing, government housing subsidies, assistance for heating and cooling, or other entitlements. Nor does it take into account any of the costs of working such as the costs of transportation, child care, and additional clothing and food.

The table assumes that the recipient was a single mother with two children, had a monthly rent of $500, and, if employed, had monthly child care expenses of $200. If she was unemployed, her gross family income from AFDC and Food Stamps would have been $826 per month.

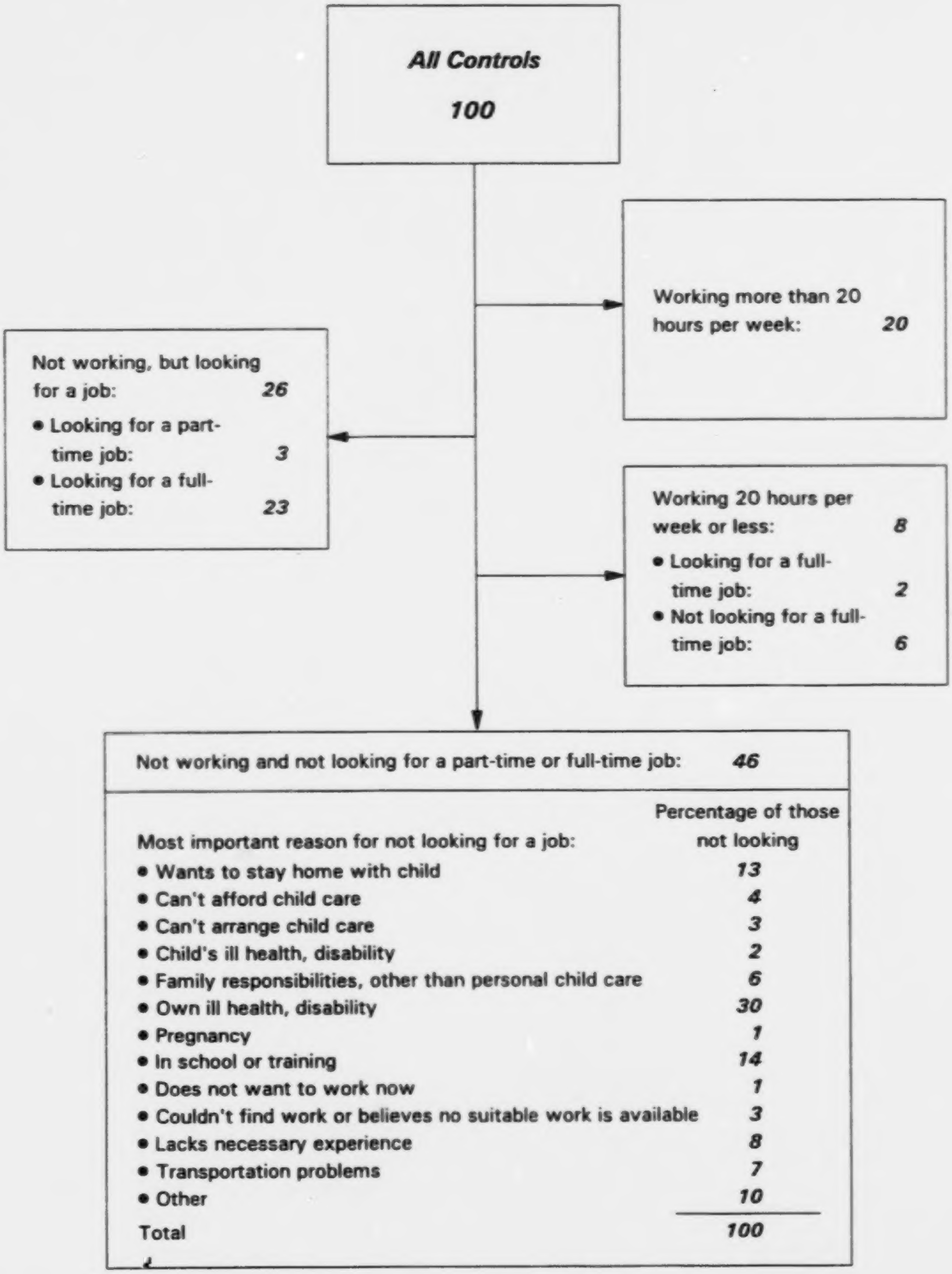
If this recipient had been employed for 20 hours a week at $4.25 an hour, her income would have risen to $1,240 during the first 12 months of working and continued at that level. To put this differently, assuming 80 hours of work a month, each hour of work would have increased the family's income above what they would have received from AFDC and Food Stamps by $5.18.

If the recipient had been employed for 35 hours a week at $5 an hour, her income would have increased to $1,465 during the first four months of employment, $1,339 during months 5 through 12, and $1,318 after one year of work. It would have been primarily the earnings disregard that would have changed over these time periods. Assuming 140 hours of work per month, each hour of work would have increased the family's income above what it would have received from AFDC and Food Stamps by $4.56, $3.66, or $3.51, depending on the time period.

In comparing this second hypothetical worker to the first, it is important to note that moving from a part-time, low-paying job to a full-time, low-paying job would have increased family income. However, this pertains primarily to months 1 through 4. After working for one year, the full-time worker would have been spending 60 more hours a month at work, but her total earnings would have

## FIGURE 5.2

## SELF-REPORTED EMPLOYMENT STATUS AND REASONS FOR NOT LOOKING FOR WORK AMONG AFDC-FG CONTROL SURVEY RESPONDENTS IN FOUR COUNTIES AT THE TIME OF THE TWO- TO THREE-YEAR INTERVIEW


*All Controls*
*100*
Working more than 20 hours per week: *20*
Not working, but looking for a job: *26*
• Looking for a part-time job: *3*
• Looking for a full-time job: *23*
Working 20 hours per week or less: *8*
• Looking for a full-time job: *2*
• Not looking for a full-time job: *6*
Not working and not looking for a part-time or full-time job: *46*

| Most important reason for not looking for a job: | Percentage of those not looking |
|---|---|
| • Wants to stay home with child | *13* |
| • Can't afford child care | *4* |
| • Can't arrange child care | *3* |
| • Child's ill health, disability | *2* |
| • Family responsibilities, other than personal child care | *6* |
| • Own ill health, disability | *30* |
| • Pregnancy | *1* |
| • In school or training | *14* |
| • Does not want to work now | *1* |
| • Couldn't find work or believes no suitable work is available | *3* |
| • Lacks necessary experience | *8* |
| • Transportation problems | *7* |
| • Other | *10* |
| Total | *100* |

SOURCE AND NOTES: See Table 5.6.
The results in this figure are based on data from Alameda, Riverside, San Diego, and Tulare.

## TABLE 5.7

## HYPOTHETICAL EXAMPLES OF GROSS FAMILY INCOME PER MONTH FOR A SINGLE PARENT WITH TWO CHILDREN AT DIFFERENT LEVELS OF EARNINGS, UNDER WELFARE AND FEDERAL EARNED INCOME TAX CREDIT (EITC) RULES IN EFFECT IN EARLY 1993

| Hours Employed per Week and Hourly Wage | Monthly Income | | | | |
|---|---|---|---|---|---|
| | Earnings ($) | AFDC Grant ($) | Food Stamps ($) | EITC ($) (a) | Total ($) |
| **First through fourth month of employment** | | | | | |
| Not employed | 0 | 624 | 202 | 0 | 826 |
| Employed 20 hours per week at $4.25 per hour | 370 | 624 | 174 | 72 | 1240 |
| Employed 35 hours per week at $5.00 per hour | 763 | 475 | 101 | 126 | 1465 |
| Employed 40 hours per week at $7.00 per hour | 1220 | 170 | 74 | 98 | 1562 |
| **Fifth through twelfth month of employment** | | | | | |
| Not employed | 0 | 624 | 202 | 0 | 826 |
| Employed 20 hours per week at $4.25 per hour | 370 | 624 | 174 | 72 | 1240 |
| Employed 35 hours per week at $5.00 per hour | 763 | 261 | 189 | 126 | 1339 |
| Employed 40 hours per week at $7.00 per hour | 1220 | 0 | 150 | 98 | 1468 |
| **After the twelfth month of employment** | | | | | |
| Not employed | 0 | 624 | 202 | 0 | 826 |
| Employed 20 hours per week at $4.25 per hour | 370 | 624 | 174 | 72 | 1240 |
| Employed 35 hours per week at $5.00 per hour | 763 | 231 | 198 | 126 | 1318 |
| Employed 40 hours per week at $7.00 per hour | 1220 | 0 | 150 | 98 | 1468 |

SOURCE: MDRC calculations using data from U.S. Congress, House Committee on Ways and Means, 1993, and U.S. Department of Treasury, Office of Tax Analysis, 1993.

NOTES: Calculations assume monthly rent of $500 and monthly child care expenses of $200 for employed household heads.
(a) Monthly income from EITC is based on the estimated annual EITC amount, divided by 12, for a family with a given level of earnings.

been only $78 a month more than those of the part-time worker. This suggests that a welfare recipient in this study who could find only a low-paying job had less economic incentive to work full-time than to work part-time after one year of work.[6]

Finally, assume that a recipient was employed for 40 hours a week at a job that paid $7 an hour. Her income would have been $1,562 during the first four months of working, $1,468 during months 5 through 12, and $1,468 after one year of work. Assuming 160 hours of work per month, each hour of work would have increased the family's income above AFDC and Food Stamps by $4.60 in the first four months of work and $4.01 thereafter. Even though she was earning at a level that Table 5.1 showed few welfare recipients achieve, this full-time worker would have been spending 80 hours a month more at her job than the part-time worker and would have been earning $228 more after four months, an increase in earnings (compared to the earnings of the part-time worker) of 18 percent. Given the additional expenses required in order to work, it is not clear how much of an incentive there was to take these jobs rather than to work part-time.

In sum, the monetary incentives to work, particularly to work full-time, were very mixed for the welfare recipients in this study. Therefore, it is notable that Table 5.1 showed that 65 percent of experimentals and 62 percent of controls who were working were doing so for 30 hours or more per week, and most of them for at least 40 hours a week. It is also notable that Figures 5.1 and 5.2 showed that the vast majority of job-seekers (e.g., 24 out of the 27 experimentals who were not working but were looking for work) said that they were seeking full-time jobs. Given the limited incentives for full-time work, these high rates of full-time work and work-seeking suggest that registrants may have been responding to strong noneconomic incentives to work, to high expectations about the future payoff of work, or to other factors. It is also possible that they did not fully understand the financial implications of working full-time, particularly because of the more generous incentives during the first four months of employment. Finally, despite the view of recipients that their employment behavior was being shaped by a set of situational contingencies, it may be that, over time, economic incentives to work full-time diminish in value, thereby increasing the probability that the recipient will return to welfare.

Finally, Table 5.8 provides information on the Earned Income Tax Credit. For all counties combined, only 45 percent of experimentals and 41 percent of controls had ever heard of this incentive. Only one-third of those who had never worked during the survey follow-up period had heard of it. This table illustrates the fact that many welfare recipients may not understand the complex set of incentives summarized above. It also suggests that changing elements of this incentive system will have only limited effects unless programs can more effectively communicate these incentives to recipients.

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[6] In 1993, California took steps to strengthen the financial incentive to work, including the elimination of the time limitation on the 30 1/3 earnings disregard, increasing the resource allowance, and, for the heads of two-parent families, elimination of the "100-hour rule."

### TABLE 5.8

### GAIN's IMPACT ON AFDC–FG REGISTRANTS' REPORTED AWARENESS AND USE OF THE FEDERAL EARNED INCOME TAX CREDIT (EITC)

| Outcome and Research Group | Alameda | Los Angeles (a) | Riverside | San Diego | Tulare | All Counties (b) |
|---|---|---|---|---|---|---|
| **All respondents** | | | | | | |
| Had heard of the EITC (c) | | | | | | |
| Experimentals (%) | 41.2 | 21.4 | 45.7 | 48.4 | 46.0 | 45.3 |
| Controls (%) | 36.6 | -- | 38.8 | 47.4 | 42.1 | 41.2 |
| Difference | 4.6 | -- | 6.9 ** | 1.0 | 3.9 | 4.1 (d) |
| Sample size | | | | | | |
| Experimentals | 335 | 223 | 674 | 337 | 356 | 1925 |
| Controls | 348 | -- | 342 | 336 | 363 | 1389 |
| **Respondents who worked within two to three years after orientation** | | | | | | |
| Had heard of the EITC | | | | | | |
| Experimentals (%) | 57.1 | 28.2 | 52.7 | 54.3 | 53.5 | 54.4 |
| Controls (%) | 58.7 | -- | 49.7 | 55.7 | 51.3 | 53.8 |
| Sample size | | | | | | |
| Experimentals | 114 | 71 | 478 | 214 | 199 | 1076 |
| Controls | 110 | -- | 165 | 178 | 195 | 648 |
| **Respondents who never worked within two to three years after orientation** | | | | | | |
| Had heard of the EITC | | | | | | |
| Experimentals (%) | 32.4 | 18.1 | 27.9 | 38.3 | 36.5 | 33.8 |
| Controls (%) | 26.9 | -- | 29.5 | 37.7 | 30.9 | 31.2 |
| Sample size | | | | | | |
| Experimentals | 221 | 152 | 196 | 123 | 157 | 849 |
| Controls | 238 | -- | 177 | 158 | 168 | 741 |

SOURCE: MDRC calculations using data from the GAIN registrant survey.

NOTES: Rounding may cause slight discrepancies in calculating sums, averages, and differences.

A two–tailed t–test was applied to the differences between the experimental and control groups in each county. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; * = 10 percent.

Tests of statistical significance of the differences between experimentals and controls who worked during the follow–up period and between experimentals and controls who did not work during the follow–up period were not performed because these comparisons are non–experimental.

The follow–up period for the survey ranged from 26 to 37 months, on average, across the five counties where the registrant survey was conducted. Butte County was not included in the survey.

From 97.3 percent to 99.2 percent of survey respondents (experimentals and controls combined) responded to the specific items in this table across all subgroups. Nonrespondents were not included in calculating the results presented.

(a) An analysis of response patterns to the survey in Los Angeles revealed that the earnings and AFDC payments during the follow–up period of those controls who responded to the survey differed markedly from those of controls who did not respond to the survey. For this reason, no estimates for controls and no impacts are presented in this table for Los Angeles.

(b) In the all–county averages, the results of each county (excluding Los Angeles) are weighted equally.

(c) Estimates presented in this panel are regression–adjusted using ordinary least squares, controlling for pre–random assignment background characteristics of the sample members.

(d) Tests of statistical significance of the experimental–control difference for all counties combined were not performed.

# CHAPTER 6

# THREE-YEAR IMPACTS FOR REGISTRANTS WHO WERE HEADS OF TWO-PARENT FAMILIES (AFDC-Us)

Using Unemployment Insurance (UI), AFDC, and Food Stamp records in a manner parallel to Chapter 4's discussion of single-parent (AFDC-FG) registrants, this chapter presents the three-year impacts of GAIN on the employment and earnings, AFDC receipt and payments, and Food Stamp receipt and payments for heads of two-parent (AFDC-U) households. Its purpose is two-fold: first, to determine the size of GAIN's impacts for the AFDC-U cases and, second, to see how the counties ranked in the magnitude of their impacts for AFDC-Us compared to those for AFDC-FGs.

The discussion of methodological issues in Chapter 4 is not repeated here. It bears emphasizing, however, that impact estimates for very small samples have low reliability and will be flagged with the symbol "u" (for "unreliable") in the subgroup tables. Sample size considerations apply not only to subgroups but also to the full AFDC-U sample for Alameda, which was quite small and should not be weighted at all heavily in any assessment of the overall impacts of GAIN for AFDC-Us. Estimates for the full AFDC-U sample for Alameda are not included in the all-county average impact estimates.

## I. A Summary of the Findings on Earnings and Welfare Savings for AFDC-Us

Averaging across five counties (omitting Alameda), and giving each county equal weight, yields three-year earnings gains of $1,111 per experimental group member and three-year AFDC impacts of $1,168 (a saving of 6.0 percent relative to the average AFDC payments to controls). These results are important because they show earnings effects for AFDC-Us, a group that has not been studied widely in evaluations of welfare-to-work programs.[1] Consistent with the limited prior research, however, AFDC-Us showed a pattern of earnings impacts different from that for AFDC-FGs: The five-county average of earnings impacts for AFDC-Us did not increase from year 1 to year 2 or from year 2 to year 3. Experimentals in two-parent families earned, on average, $384 more than controls in year 1, $372 in year 2, and $355 in year 3.[2] AFDC savings increased from $422 in year 1 to $469 in year 2, but then declined to $277 in year 3. By year 3, the all-county average impacts on earnings and AFDC payments were larger for AFDC-FGs than for AFDC-Us. Thus, although the three-year total earnings and AFDC impacts were similar for AFDC-FGs and AFDC-Us, future additional impacts are likely to be larger for AFDC-FGs. For AFDC-Us, reductions in Food Stamp benefits over the three-year follow-up totaled $222 for the five-county average (a 4.8 percent saving relative to the average amount for controls) – about one-fifth the size of impacts on AFDC payments and larger than the Food Stamp impact for AFDC-FGs. The five-county average impact estimates were all statistically significant for earnings and for AFDC and Food Stamp payments.

As was the case for AFDC-FGs, impacts for AFDC-Us varied considerably by county. GAIN increased earnings in the three-year follow-up period in four of the six research counties – Alameda,

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[1] For earlier results on AFDC-Us, see Gueron and Pauly, 1991.

[2] Impact estimates for years 1 and 2 may differ slightly from those presented in the two-year impact report (1993) because some earnings and AFDC records data were updated.

Butte, Los Angeles, and Riverside – although impacts for the small Alameda sample were not statistically significant. Butte produced the largest earnings impact for AFDC-Us, an increase of $3,295 per experimental.[3] Riverside had a substantial three-year impact on earnings: $1,506 per sample member. Impacts in Los Angeles ($887) and Alameda ($782) were smaller, although the sample size in Alameda was too small to allow confidence in the result. Relative to control group average earnings during the three-year follow-up period, the dollar impacts in these four counties represented increases of 15 to 39 percent. San Diego produced quite small gains ($134) over the three years, and Tulare showed no evidence of earnings impacts during the three-year observation period common to samples in all counties, or thereafter.

Counties also differed in how the experimental-control earnings differential changed over time. In Butte, the county with the largest three-year earnings impacts for AFDC-Us, earnings impacts increased from year 1 to year 2 and then held steady from year 2 to year 3, although there was some evidence that these impacts might begin to fall in year 4. In Riverside, which had the largest initial earnings impact, the earnings impact had fallen by year 3 to less than half the first-year earnings impact. Only Alameda, with its small sample of AFDC-Us, showed a large increase in earnings impacts between years 2 and 3. Some additions to impacts may still occur in the future in Alameda, Butte, Los Angeles, and Riverside.

Reductions in AFDC payments were found in four counties – Butte, Los Angeles, Riverside, and San Diego – although they were not statistically significant in Butte. In Los Angeles, Riverside, and San Diego, three-year welfare savings were larger than earnings gains. Riverside's welfare impacts were the largest: a saving of $2,064 per sample member over the three years, or 14 percent of the average payments to controls. Butte, Los Angeles, and San Diego were in the middle range at $1,271 (7 percent), $1,246 (5 percent), and $1,327 (7 percent), respectively. Tulare produced no AFDC impacts. Alameda showed AFDC savings for the first time in year 3 ($447, or 6 percent for the year), but the sample was too small to permit confidence in this result.

By year 3, AFDC impacts were declining in Los Angeles, Riverside, and San Diego, although possibly not in Butte. It was not clear that there would be much addition to total AFDC impacts after year 3 except in Alameda and Butte. The time pattern for Tulare does not suggest the appearance of significant AFDC impacts there in the future.

For subgroups, both earnings gains and welfare savings were generally larger for the group assessed as not in need of basic education, a pattern that, at least for earnings gains, was similar to the one found for AFDC-FG registrants. Impact estimates for a variety of subgroups defined by welfare history and recent prior employment, ethnicity, number of children, and other characteristics turned up no clear evidence that any particular subgroup or subgroups reduced the overall impacts of GAIN for AFDC-Us. Subgroup analysis also revealed that the large earnings impacts in Butte came partly from that county's large number of first-time AFDC-U applicants, who also had large earnings impacts in certain other counties, and partly because Butte achieved larger earnings impacts than the other counties for some subgroups. Bringing the impacts for those subgroups up to the level achieved in Butte would raise earnings impacts for AFDC-Us.

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[3] As noted in Chapter 4, throughout the impact analysis, rounding may cause slight discrepancies in calculating sums and differences.

## II. A Context for Understanding GAIN's Three-Year AFDC-U Impacts

In this report, the FG and U assistance categories are treated separately because they are subject to different program rules and labor market and welfare constraints. As discussed in Chapter 1, rules defining mandatoriness for GAIN prior to the transition to JOBS exempted AFDC-FG case heads with a child under age 6. For this reason, nearly two-thirds of the AFDC-FG caseload at that time was not in the intended target group for the GAIN participation requirement. No such exemption existed for AFDC-U case heads. Thus, except in Alameda and Los Angeles, which worked exclusively with long-term recipients, GAIN targeted virtually the whole of the able-bodied AFDC-U caseload. Impacts reported in this chapter may therefore be more readily translated into impacts on the full AFDC-U caseload (of orientation attenders) than is possible for AFDC-FGs.

The limited number of experimental studies performed for the AFDC-U assistance category makes it difficult to establish a relevant context for understanding the three-year impacts of GAIN on AFDC-Us. Of the nine broad-coverage studies discussed in Chapter 4, only two offered reliable results for AFDC-Us: the San Diego EPP/EWEP evaluation and the San Diego SWIM demonstration.[4] The impact estimates from these experiments will be discussed below, but it is worth considering first some reasons why impacts for AFDC-Us might be different from impacts for AFDC-FGs.

Certain differences between AFDC-FG and AFDC-U registrants may lead to differences in impacts on earnings. Case heads in AFDC-U cases are almost always male and, on average, have greater work experience than AFDC-FG case heads (see Table 1.2). In addition, because there is a second parent present in the household, the need to care for children does not generally interfere with AFDC-U employment, as it can for AFDC-FGs.

Other differences between AFDC-FGs and AFDC-Us may tend to produce differences in welfare impacts. AFDC-U cases generally receive larger monthly AFDC payments than AFDC-FG cases because two parents rather than one are figured into the grant amount. AFDC-Us are, however, subject to tighter AFDC eligibility requirements and, for part of the follow-up period, faced more stringent penalties for noncooperation with GAIN. According to regulations in effect during the research period, eligibility for AFDC-U terminated when the case head worked more than 100 hours in a month, regardless of the amount of earnings.[5] Also, in GAIN prior to JOBS, a sanction closed the AFDC-U case entirely and terminated payments completely, whereas it reduced the monthly grant for AFDC-FG registrants. Under JOBS (as of July 1989), sanction penalties for AFDC-U registrants became the same as they are for AFDC-FG registrants. Reductions in AFDC payments were found for AFDC-Us in both the San Diego EPP/EWEP and SWIM programs, which operated under the tighter, pre-JOBS eligibility and sanctioning rules.

In the evaluation of the San Diego EPP/EWEP program, which consisted of job search and work experience, follow-up lasted through quarter 6 only. First-year earnings gains were about $150 per experimental.[6] First-year welfare savings were $375. The experimental-control differential for both earnings gains and, to a lesser extent, welfare savings showed substantial decrease by the middle of year 2, however. It should be noted that the ratio of welfare savings to earnings gains in this study was higher for AFDC-Us than for AFDC-FGs.[7]

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[4] The Baltimore Options program worked with AFDC-Us, but the AFDC-U sample there was only large enough to give estimates of employment and welfare receipt rates. It was not large enough to provide reliable estimates of the *differences* in rates between experimentals and controls, which constitute estimates of program impacts.

[5] In Riverside, the 100-hour rule was suspended beginning January 1, 1991. Whether this change influenced the trend in Riverside's impacts on AFDC-Us is uncertain.

More recently, the San Diego SWIM demonstration yielded first-year earnings gains and welfare savings of $500 and $400, respectively. Earnings effects appear to have persisted at this level through year 2, and welfare impacts appear to have grown to $550 in year 2. In year 3 and afterwards, both earnings impacts and welfare impacts declined, possibly because controls as well as experimentals got into GAIN.[8] As indicated in Chapter 4, the San Diego SWIM program model was somewhat similar to the GAIN job-search-first track. Again, the ratio of welfare savings to earnings gains was higher for AFDC-Us than for AFDC-FGs.[9]

For AFDC-Us, there are no prior experimental studies of broad-coverage programs incorporating education and training as possible initial assigned activities. Thus, past experimental experience does not provide much guidance on what to expect from the education track in GAIN.

## III. Three-Year Impacts for the Pooled (Six-County) Sample and the Individual Counties

Figure 6.1 presents average quarterly earnings and average quarterly AFDC payments for the experimental and control group samples in the six counties.[10] These quarterly estimates and other impact estimates for the AFDC-U samples are shown in detail in Appendix Tables G.1 through G.6.

### A. The Behavior of Controls

The AFDC-U program is often thought of as a program mainly of short-term assistance. Eligibility for AFDC-U requires that the primary earner in a family must have had some recent labor force attachment. In comparison to AFDC-FG controls, AFDC-U controls often did find jobs more readily during the follow-up period (except in Alameda and Butte), but the differences were not as large as might have been expected. Control group employment rates for AFDC-U samples at the end of year 3 (i.e., in quarter 13) were as follows:

| | | | |
|---|---|---|---|
| Alameda | 12.3 | percent | employed |
| Butte | 27.6 | " | " |
| Los Angeles | 19.5 | " | " |
| Riverside | 28.5 | " | " |
| San Diego | 34.0 | " | " |
| Tulare | 32.6 | " | " |

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[6] Impact estimates for earlier programs have not been inflated to current dollars.

[7] This San Diego experiment had a second experimental group, which received only job search. For this group, first-year earnings gains were $400 and welfare savings were $300, and both impacts showed the same pattern of sharp decline going into year 2.

[8] For estimates and a discussion of GAIN participation among SWIM experimentals and controls after the end of the SWIM demonstration, see Friedlander and Hamilton, 1993.

[9] See Friedlander and Hamilton, 1993.

[10] As in Chapter 4, the full sample in some counties has more than 13 quarters of follow-up.

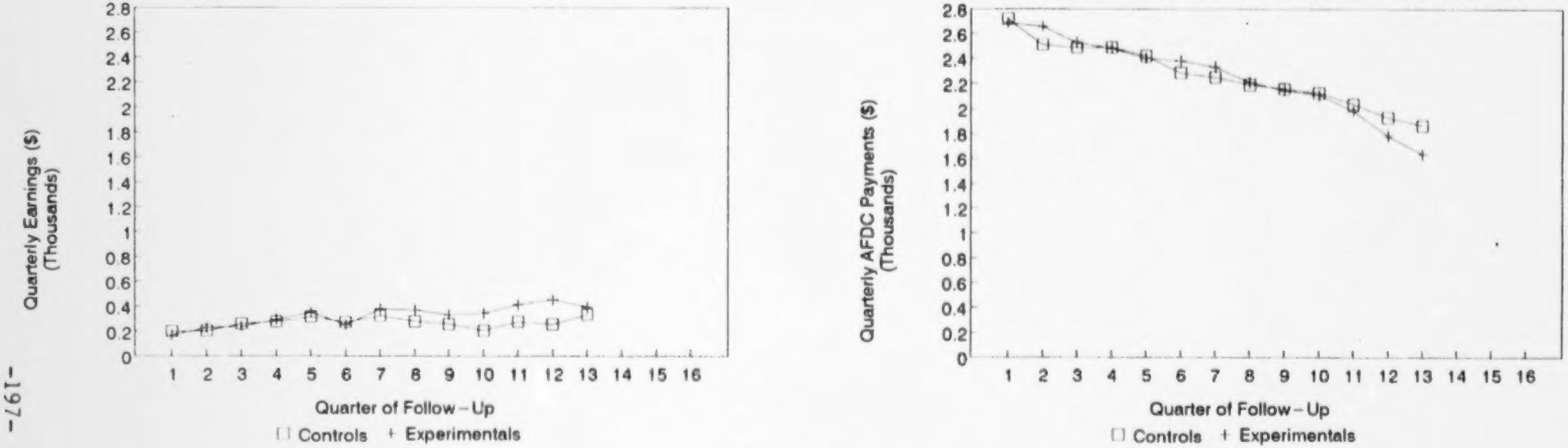
## FIGURE 6.1

## QUARTERLY EARNINGS AND AFDC PAYMENTS FOR THE FULL SAMPLES OF AFDC-U REGISTRANTS

Year 1: Quarters 2-5
Year 2: Quarters 6-9
Year 3: Quarters 10-13

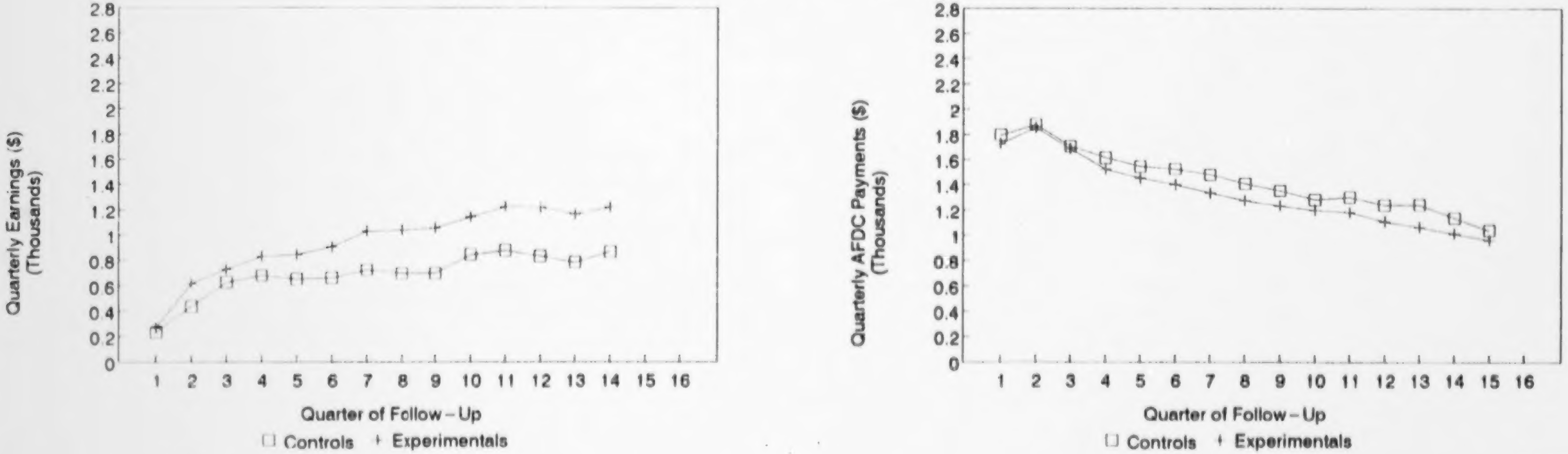
### Alameda

(Number of experimentals: 96. Number of controls: 86.)



### Butte

(Number of experimentals: 780. Number of controls: 226.)



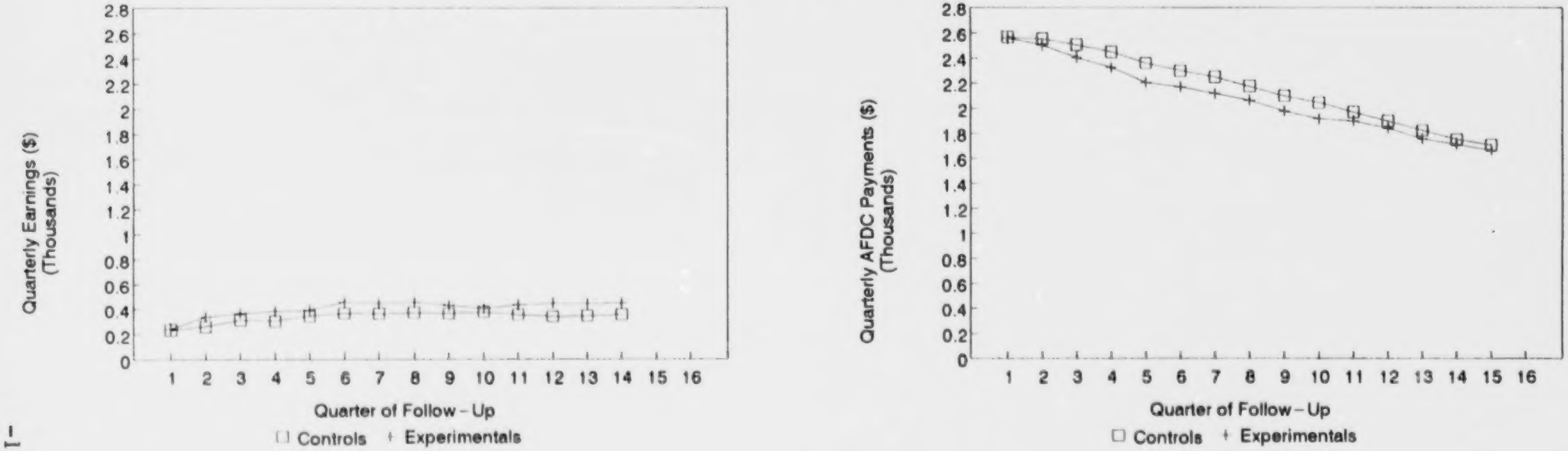
(continued)

## FIGURE 6.1 (continued)

Year 1: Quarters 2–5
Year 2: Quarters 6–9
Year 3: Quarters 10–13

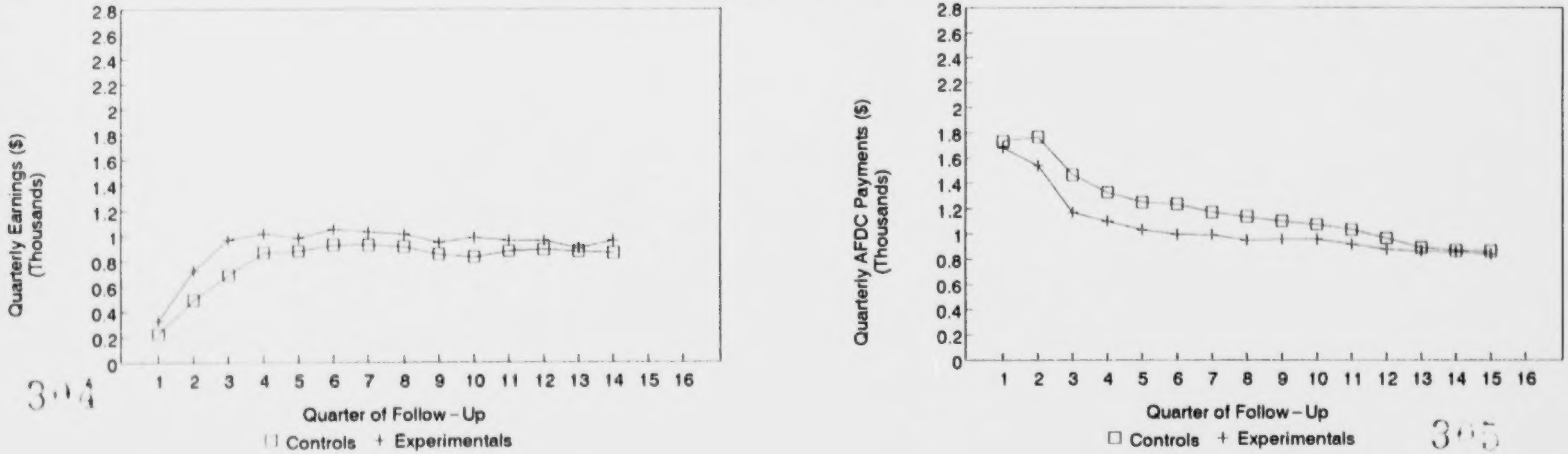
### Los Angeles

(Number of experimentals: 735. Number of controls: 723.)



### Riverside

(Number of experimentals: 1,590. Number of controls: 733.)

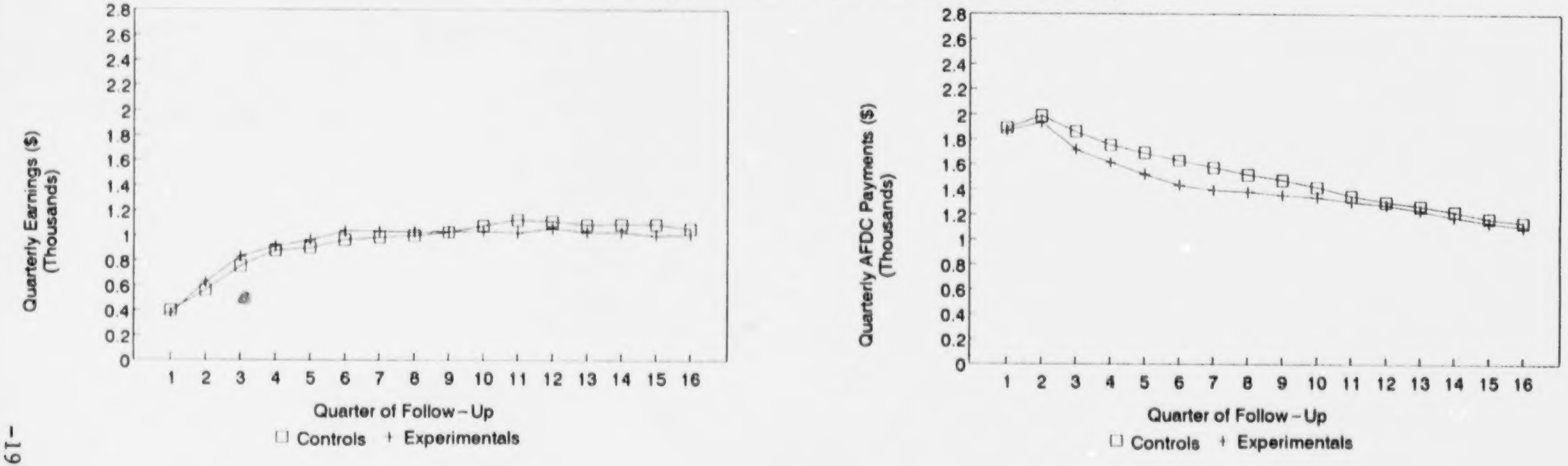


(continued)

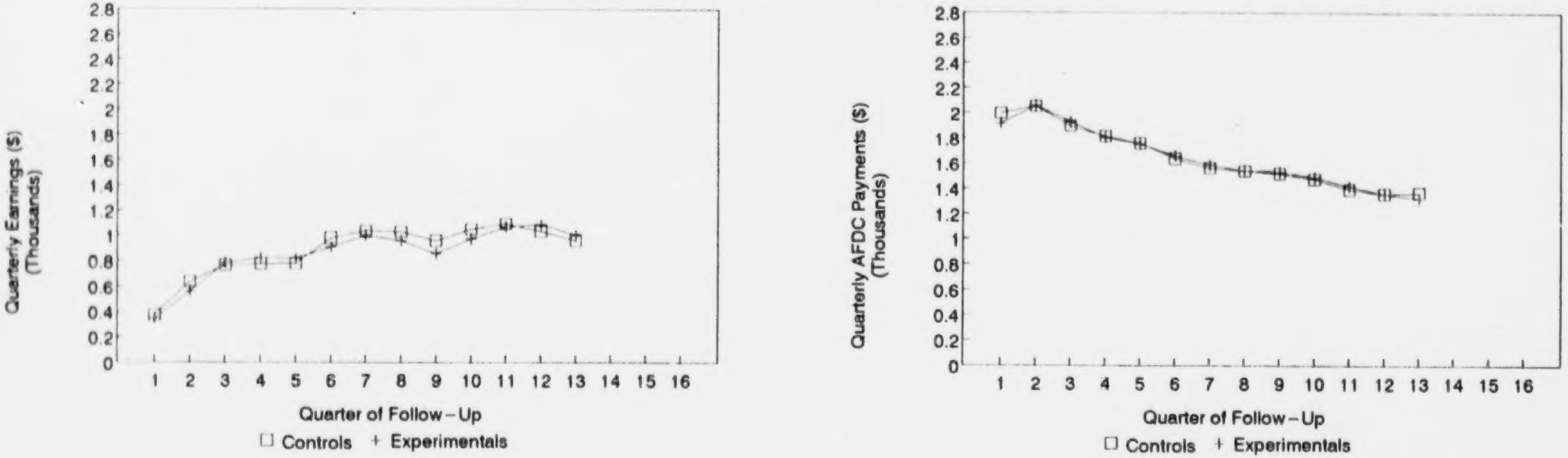
## FIGURE 6.1 (continued)

Year 1: Quarters 2–5
Year 2: Quarters 6–9
Year 3: Quarters 10–13

San Diego
(Number of experimentals: 2,427. Number of controls: 845.)



Tulare
(Number of experimentals: 1,312. Number of controls: 582.)



SOURCE AND NOTES: See Table 6.1 and Appendix G.

There was greater cross-county variation in these employment rates than there was for AFDC-FGs. Except for San Diego and Tulare, these rates were lower than those found in prior research, especially for Alameda and Los Angeles.[11] As with AFDC-FG controls, the lower rates in Alameda and Los Angeles reflected those two counties' policy of working with long-term recipients, and probably owed much less to labor market conditions than did the rates in other counties.

Rates of welfare receipt among AFDC-U controls showed the typical pattern of departure from AFDC, but a substantial number remained on public assistance at the end of the third follow-up year (quarter 13). At that point, AFDC receipt rates were as follows:

| | | | | |
|---|---|---|---|---|
| Alameda | 79.7 | percent | received | AFDC |
| Butte | 52.7 | " | " | " |
| Los Angeles | 77.9 | " | " | " |
| Riverside | 40.9 | " | " | " |
| San Diego | 57.2 | " | " | " |
| Tulare | 59.9 | " | " | " |

As was the case for employment, there was considerable variation across counties. Surprisingly, with only one exception (Riverside), the rate of AFDC receipt in each county exceeded the corresponding rate for that county's AFDC-FG sample. These rates were generally higher than those found in previous research.[12] Again, rates for Alameda and Los Angeles were higher than elsewhere, owing to the fact that these counties worked exclusively with long-term recipients. It should also be noted that the rate for Riverside was substantially lower than in any of the other five counties.

### B. Impacts on Employment, Earnings, AFDC Receipt, and AFDC Payments

The difference between experimentals and controls presented in Figure 6.1 is the estimate of GAIN's impacts on earnings and AFDC payments. These and other numerical estimates of program impacts are shown in Table 6.1 (and in Appendix Tables G.1 through G.6). This table shows year-by-year and summary estimates for the first three years (i.e., quarters 2 through 13),[13] estimates of employment at the end of year 3, and estimates of welfare receipt at the end of each of the three years of follow-up. Estimates for year 3 are particularly important for the AFDC-U samples because some prior experimental research on AFDC-Us has shown substantial narrowing of any experimental-control difference in earnings by that time.[14]

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[11] The most relevant comparison is with AFDC-Us in the San Diego SWIM demonstration sample, where the employed rate for controls at quarter 13 was 36.0 percent.

[12] The AFDC receipt rate for AFDC-Us in the SWIM study – the most relevant comparison available – was 44.6 percent in quarter 13.

[13] Again, quarter 1 (the quarter of random assignment) is omitted in the summary measures because, for some sample members, that quarter may have included earnings and AFDC payments that preceded random assignment.

[14] In the San Diego EPP/EWEP study, the quarterly impact on earnings for AFDC-Us declined during the first follow-up year from a peak in quarter 2 in the range of $125 to $150 per experimental to around $10 in quarter 6. In San Diego SWIM, earnings impacts held up through year 2, then began to decrease in year 3 and by year 4 were down to zero. See Friedlander and Hamilton, 1993.

## TABLE 6.1

## GAIN's THREE-YEAR IMPACTS ON EMPLOYMENT, EARNINGS, AFDC RECEIPT, AND AFDC PAYMENTS FOR AFDC-U REGISTRANTS

| County and Outcome | Experimentals | Controls | Difference | Percentage Change |
|---|---|---|---|---|
| **Alameda** | | | | |
| Ever employed (%) | | | | |
| Year 1 | 29.8 | 20.2 | 9.6 * | 47.3% |
| Year 2 | 27.6 | 20.4 | 7.2 | 35.4% |
| Year 3 | 27.5 | 16.9 | 10.6 * | 62.7% |
| Last quarter of year 3 | 20.2 | 12.3 | 7.9 | 64.1% |
| Total (years 1-3) | 46.6 | 27.0 | 19.6 *** | 72.7% |
| Average total earnings ($) | | | | |
| Year 1 | 1115 | 1061 | 54 | 5.1% |
| Year 2 | 1332 | 1133 | 200 | 17.6% |
| Year 3 | 1600 | 1072 | 528 | 49.3% |
| Total (years 1-3) | 4047 | 3265 | 782 | 23.9% |
| Ever received any AFDC payments (%) | | | | |
| Last quarter of year 1 | 94.6 | 93.3 | 1.3 | 1.4% |
| Last quarter of year 2 | 86.2 | 85.2 | 1.0 | 1.2% |
| Last quarter of year 3 | 67.1 | 79.7 | -12.6 ** | -15.8% |
| Average total AFDC payments received ($) | | | | |
| Year 1 | 10066 | 9905 | 161 | 1.6% |
| Year 2 | 9071 | 8889 | 182 | 2.1% |
| Year 3 | 7506 | 7952 | -447 | -5.6% |
| Total (years 1-3) | 26643 | 26746 | -103 | -0.4% |
| Sample size (total = 182) | 96 | 86 | | |
| **Butte** | | | | |
| Ever employed (%) | | | | |
| Year 1 | 51.4 | 44.1 | 7.3 ** | 16.6% |
| Year 2 | 50.4 | 45.5 | 4.9 | 10.8% |
| Year 3 | 48.1 | 41.9 | 6.2 * | 14.7% |
| Last quarter of year 3 | 32.1 | 27.6 | 4.6 | 16.6% |
| Total (years 1-3) | 67.5 | 63.6 | 3.8 | 6.0% |
| Average total earnings ($) | | | | |
| Year 1 | 3026 | 2393 | 633 * | 26.5% |
| Year 2 | 4033 | 2776 | 1257 *** | 45.3% |
| Year 3 | 4752 | 3346 | 1406 ** | 42.0% |
| Total (years 1-3) | 11811 | 8515 | 3295 *** | 38.7% |
| Ever received any AFDC payments (%) | | | | |
| Last quarter of year 1 | 63.7 | 67.0 | -3.3 | -4.9% |
| Last quarter of year 2 | 52.8 | 57.6 | -4.7 | -8.2% |
| Last quarter of year 3 | 47.9 | 52.7 | -4.8 | -9.1% |
| Average total AFDC payments received ($) | | | | |
| Year 1 | 6523 | 6749 | -226 | -3.4% |
| Year 2 | 5246 | 5775 | -529 | -9.2% |
| Year 3 | 4555 | 5071 | -516 | -10.2% |
| Total (years 1-3) | 16324 | 17595 | -1271 | -7.2% |
| Sample size (total = 1006) | 780 | 226 | | |

(continued)

TABLE 6.1 (continued)

| County and Outcome | Experimentals | Controls | Difference | Percentage Change |
|---|---|---|---|---|
| **Los Angeles** | | | | |
| Ever employed (%) | | | | |
| Year 1 | 41.2 | 29.4 | 11.8 *** | 40.1% |
| Year 2 | 39.0 | 29.3 | 9.7 *** | 33.0% |
| Year 3 | 35.8 | 26.0 | 9.8 *** | 37.7% |
| Last quarter of year 3 | 29.5 | 19.5 | 10.0 *** | 51.3% |
| Total (years 1–3) | 51.1 | 36.4 | 14.7 *** | 40.3% |
| Average total earnings ($) | | | | |
| Year 1 | 1480 | 1221 | 259 ** | 21.2% |
| Year 2 | 1787 | 1468 | 319 * | 21.7% |
| Year 3 | 1726 | 1417 | 309 | 21.8% |
| Total (years 1–3) | 4993 | 4106 | 887 ** | 21.6% |
| Ever received any AFDC payments (%) | | | | |
| Last quarter of year 1 | 91.1 | 92.3 | −1.1 | −1.2% |
| Last quarter of year 2 | 85.5 | 85.3 | 0.1 | 0.2% |
| Last quarter of year 3 | 78.4 | 77.9 | 0.5 | 0.6% |
| Average total AFDC payments received ($) | | | | |
| Year 1 | 9440 | 9871 | −431 *** | −4.4% |
| Year 2 | 8333 | 8826 | −493 *** | −5.6% |
| Year 3 | 7417 | 7739 | −323 * | −4.2% |
| Total (years 1–3) | 25190 | 26436 | −1246 *** | −4.7% |
| Sample size (total = 1458) | 735 | 723 | | |
| **Riverside** | | | | |
| Ever employed (%) | | | | |
| Year 1 | 57.2 | 48.6 | 8.6 *** | 17.7% |
| Year 2 | 51.3 | 44.7 | 6.6 *** | 14.8% |
| Year 3 | 44.8 | 40.2 | 4.6 ** | 11.3% |
| Last quarter of year 3 | 31.1 | 28.5 | 2.6 | 9.3% |
| Total (years 1–3) | 69.1 | 61.3 | 7.8 *** | 12.7% |
| Average total earnings ($) | | | | |
| Year 1 | 3691 | 2930 | 761 *** | 26.0% |
| Year 2 | 4038 | 3628 | 411 | 11.3% |
| Year 3 | 3812 | 3478 | 334 | 9.6% |
| Total (years 1–3) | 11542 | 10036 | 1506 ** | 15.0% |
| Ever received any AFDC payments (%) | | | | |
| Last quarter of year 1 | 51.1 | 56.9 | −5.8 *** | −10.2% |
| Last quarter of year 2 | 46.9 | 49.5 | −2.6 | −5.3% |
| Last quarter of year 3 | 42.6 | 40.9 | 1.7 | 4.1% |
| Average total AFDC payments received ($) | | | | |
| Year 1 | 4840 | 5807 | −967 *** | −16.7% |
| Year 2 | 3892 | 4640 | −748 *** | −16.1% |
| Year 3 | 3614 | 3964 | −350 * | −8.8% |
| Total (years 1–3) | 12346 | 14411 | −2064 *** | −14.3% |
| Sample size (total = 2323) | 1590 | 733 | | |

(continued)

## TABLE 6.1 (continued)

| County and Outcome | Experimentals | Controls | Difference | Percentage Change |
|---|---|---|---|---|
| **San Diego** | | | | |
| Ever employed (%) | | | | |
| Year 1 | 53.9 | 50.1 | 3.8 ** | 7.6% |
| Year 2 | 50.0 | 45.8 | 4.2 ** | 9.1% |
| Year 3 | 45.6 | 43.9 | 1.7 | 3.9% |
| Last quarter of year 3 | 34.6 | 34.0 | 0.6 | 1.6% |
| Total (years 1–3) | 67.3 | 64.6 | 2.7 | 4.1% |
| Average total earnings ($) | | | | |
| Year 1 | 3331 | 3089 | 242 | 7.8% |
| Year 2 | 4128 | 3978 | 150 | 3.8% |
| Year 3 | 4144 | 4402 | −258 | −5.9% |
| Total (years 1–3) | 11603 | 11469 | 134 | 1.2% |
| Ever received any AFDC payments (%) | | | | |
| Last quarter of year 1 | 69.4 | 74.6 | −5.2 *** | −7.0% |
| Last quarter of year 2 | 61.8 | 64.0 | −2.2 | −3.5% |
| Last quarter of year 3 | 56.9 | 57.2 | −0.2 | −0.4% |
| Average total AFDC payments received ($) | | | | |
| Year 1 | 6790 | 7301 | −510 *** | −7.0% |
| Year 2 | 5565 | 6197 | −632 *** | −10.2% |
| Year 3 | 5155 | 5339 | −184 | −3.4% |
| Total (years 1–3) | 17510 | 18837 | −1327 *** | −7.0% |
| Sample size (total = 3272) | 2427 | 845 | | |
| **Tulare** | | | | |
| Ever employed (%) | | | | |
| Year 1 | 52.5 | 51.2 | 1.3 | 2.5% |
| Year 2 | 50.2 | 48.9 | 1.3 | 2.6% |
| Year 3 | 48.9 | 48.4 | 0.5 | 1.0% |
| Last quarter of year 3 | 35.2 | 32.6 | 2.5 | 7.8% |
| Total (years 1–3) | 67.0 | 64.0 | 3.0 | 4.7% |
| Average total earnings ($) | | | | |
| Year 1 | 2987 | 2961 | 26 | 0.9% |
| Year 2 | 3721 | 3998 | −277 | −6.9% |
| Year 3 | 4121 | 4138 | −17 | −0.4% |
| Total (years 1–3) | 10829 | 11097 | −268 | −2.4% |
| Ever received any AFDC payments (%) | | | | |
| Last quarter of year 1 | 74.6 | 74.5 | 0.2 | 0.2% |
| Last quarter of year 2 | 66.4 | 65.3 | 1.1 | 1.7% |
| Last quarter of year 3 | 60.4 | 59.9 | 0.5 | 0.9% |
| Average total AFDC payments received ($) | | | | |
| Year 1 | 7545 | 7523 | 23 | 0.3% |
| Year 2 | 6316 | 6261 | 54 | 0.9% |
| Year 3 | 5588 | 5600 | −12 | −0.2% |
| Total (years 1–3) | 19449 | 19384 | 66 | 0.3% |
| Sample size (total = 1901) | 1319 | 582 | | |

(continued)

**TABLE 6.1 (continued)**

| County and Outcome | Experimentals | Controls | Difference | Percentage Change |
|---|---|---|---|---|
| **All counties (a)** | | | | |
| Ever employed (%) | | | | |
| Year 1 | 51.2 | 44.7 | 6.6 *** | 14.7% |
| Year 2 | 48.2 | 42.8 | 5.3 *** | 12.4% |
| Year 3 | 44.6 | 40.1 | 4.5 *** | 11.3% |
| Last quarter of year 3 | 32.5 | 28.4 | 4.1 *** | 14.3% |
| Total (years 1–3) | 64.4 | 58.0 | 6.4 *** | 11.0% |
| Average total earnings ($) | | | | |
| Year 1 | 2903 | 2519 | 384 *** | 15.3% |
| Year 2 | 3542 | 3170 | 372 ** | 11.7% |
| Year 3 | 3711 | 3356 | 355 ** | 10.6% |
| Total (years 1–3) | 10156 | 9045 | 1111 *** | 12.3% |
| Ever received any AFDC payments (%) | | | | |
| Last quarter of year 1 | 70.0 | 73.0 | –3.0 *** | –4.2% |
| Last quarter of year 2 | 62.7 | 64.3 | –1.7 | –2.6% |
| Last quarter of year 3 | 57.3 | 57.7 | –0.5 | –0.8% |
| Average total AFDC payments received ($) | | | | |
| Year 1 | 7028 | 7450 | –422 *** | –5.7% |
| Year 2 | 5871 | 6340 | –469 *** | –7.4% |
| Year 3 | 5266 | 5543 | –277 *** | –5.0% |
| Total (years 1–3) | 18164 | 19332 | –1168 *** | –6.0% |
| Sample size (total = 9960) | 6851 | 3109 | | |

SOURCE: MDRC calculations from California Unemployment Insurance (UI) earnings records and from county AFDC records.

NOTES: The sample for this table consists of individuals who were randomly assigned as follows:

| | |
|---|---|
| Alameda | July 1989–May 1990 |
| Butte | March 1988–March 1990 |
| Los Angeles | July 1989–March 1990 |
| Riverside | August 1988–March 1990 |
| San Diego | August 1988–September 1989 |
| Tulare | January 1989–June 1990 |

The sample used to analyze GAIN's impacts is slightly smaller than the full research sample.

Dollar averages include zero values for sample members not employed or not receiving welfare. Estimates are regression–adjusted using ordinary least squares, controlling for pre–random assignment characteristics of sample members. Rounding may cause slight discrepancies in calculating sums and differences.

For all measures, year 1 refers to follow–up quarters 2–5; year 2, to quarters 6–9; and year 3, to quarters 10–13. Quarter 1 refers to the calendar quarter in which random assignment occurred. Because quarter 1 may contain some earnings and AFDC payments from the period prior to random assignment, it is excluded from the summary measures of follow–up.

A two–tailed t–test was applied to differences between experimental and control groups. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; * = 10 percent.

(a) In the all–county averages, the results for each county, except Alameda, are weighted equally. Alameda is excluded because its AFDC–U impacts are based on a very small sample.

As was the case for AFDC-FGs, large impacts were found in Riverside.[15] In that county, 69.1 percent of experimentals worked at some time during the first three years. The corresponding rate for controls was 61.3 percent, for a difference, or impact, of 7.8 percentage points. By year 2, however, the employment impact had declined somewhat, and it declined further in year 3. Employment rates for both experimentals and controls were lower in year 2 than in year 1, and lower in year 3 than in year 2, but the decline was greater for experimentals. Consequently, the experimental-control differential in percentage employed also declined, from 8.6 percentage points in year 1 to 6.6 percentage points in year 2 and 4.6 percentage points in year 3.

Earnings gains, like employment impacts, decreased over time: from a statistically significant $761 in year 1 to a not statistically significant $411 the following year, and a not statistically significant $334 in the final year. As may be seen in Figure 6.1, control group earnings increased substantially in year 1, narrowing the gap between experimentals and controls. Over the full three-year period, there was a significant degree of convergence between experimentals and controls, and by quarter 13, experimentals were earning, on average, just $26 more than controls (not shown in the table). Total earnings for the three years were higher by $1,506.

Riverside's welfare impacts also declined over time, decreasing by more than half between year 2 and year 3 after a smaller decline from year 1 to year 2. Welfare impacts for Riverside AFDC-Us were larger than for AFDC-FGs in that county up until year 3, but the third-year impact was larger for AFDC-FGs. The three-year impact on total AFDC payments, $2,064, was only slightly larger for AFDC-Us than the three-year savings for AFDC-FGs, although both figures were the largest among the counties. Nevertheless, AFDC outcomes for AFDC-U experimentals and controls increasingly converged throughout most of the follow-up period. The average difference in AFDC receipt peaked in quarter 3, when 59.3 percent of experimentals received an AFDC payment compared to 68.6 percent of controls and AFDC payments for experimentals averaged $296 less. By quarter 9, the experimental-control difference in AFDC receipt had dropped to 2.6 percentage points, and the savings had fallen to $144; by quarter 13, impacts were around zero. The cumulative three-year impacts on AFDC savings were larger than the three-year earnings impacts.

The largest three-year earnings gains, $3,295, were found in Butte. Unlike the results for Riverside, earnings impacts in Butte grew substantially from year 1 to year 2, approximately doubling (from $633 to $1,257), and then grew again from year 2 to year 3 (from $1,257 to $1,406). In addition, the experimental-control difference in average earnings appears not to have peaked until year 3, suggesting that, at least for a while, experimentals will continue to record higher earnings than controls. Earnings gains exceeded welfare savings by a considerable margin, another difference between Butte and Riverside. Welfare savings in Butte grew from $226 in year 1 to $529 in year 2 and remained at close to that amount in year 3, making a three-year total of $1,271. Cumulative three-year welfare impacts in Butte were not statistically significant, but quarterly welfare impacts kept increasing until year 3, reaching a peak saving of 14.3 percent of control payments (statistically significant) in quarter 13.

Los Angeles was the only other county to record statistically significant earnings gains during the three-year follow-up period, although the three-year impact of $887 was much smaller than Butte's or Riverside's. In Los Angeles, as in Butte, the experimental-control difference in average earnings grew larger from year 1 to year 2, but it did not increase from year 2 to year 3. Welfare savings exceeded earnings gains by about $170 during each of the first two years and then fell to match earnings gains in year 3, a pattern more like Riverside's. Employment impacts in Los Angeles were large relative to earnings impacts there, just as they were for AFDC-FGs.

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[15] Variation in impacts across counties for AFDC-Us was statistically significant at the 1 percent level for total three-year earnings and at the 10 percent level for total three-year AFDC payments.

In San Diego, AFDC reductions outpaced earnings gains by an even wider margin than in Los Angeles. GAIN achieved only a small and not statistically significant increase of $134 in total earnings during the three-year follow-up period, and the experimental-control difference had all but disappeared as early as quarter 9. At the same time, San Diego's GAIN program continued to produce statistically significant AFDC reductions, although impacts diminished substantially (i.e., by more than two-thirds) between year 2 and year 3. In all, experimentals averaged $1,327 less in AFDC payments than controls during the three-year follow-up period.

In Tulare, experimentals earned about the same amount as controls in year 1, slightly less in year 2 (not a statistically significant difference), and about the same amount again in year 3. The overall three-year earnings impact was slightly negative, but it was not statistically significant and should be interpreted as no earnings impact. GAIN produced no welfare savings in Tulare at any time in the follow-up.

AFDC-U samples in Alameda were too small to yield reliable estimates of differences between experimentals and controls. Nonetheless, the results there, despite their imprecision, were similar to the finding in Los Angeles that impacts on employment can exceed impacts on earnings for AFDC-Us. This same pattern was found in San Diego, too, during the first two years, when that county had employment impacts. This suggests that the new jobs found by experimentals in those counties paid less than the jobs typically held by controls, either because hourly wage rates were lower or weekly hours were shorter or turnover was more frequent. In Riverside, and even more so in Butte, earnings impacts were relatively large compared to employment impacts, suggesting that experimentals found "better" – i.e., higher-paying or more stable – jobs than controls.[16] Finding better jobs may therefore be an important element of achieving larger earnings impacts.[17]

Analysis of AFDC impacts reveals differences across counties. In Butte, Riverside, and San Diego, more than half the three-year welfare savings came from fewer months on AFDC. (See Appendix Tables G.1 through G.6 for impacts on months receiving AFDC.) The remainder was associated with reduced average grant amounts per month of receipt for experimentals, possibly the effect of sanctions or an increase in experimentals' employment while they were on AFDC. This pattern could also have resulted if the overall reduction in months of receipt fell primarily on cases with above-average monthly grant amounts. Another contributing factor could have been the switching of some cases from AFDC-U to AFDC-FG status: when the father stops being part of an AFDC-U family (and the mother becomes an AFDC-FG case head), the monthly payment amount to the case is lower because there is one fewer family member.[18] For Los Angeles, there was no impact on the number of months of AFDC receipt over the follow-up period, despite the moderately large dollar amount of AFDC savings.[19]

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[16] One approach to comparing the magnitudes of employment and earnings impacts is to divide each impact estimate by the corresponding control group mean (average) to estimate the relative gain or "impact relative to the control group mean." If jobs of experimentals and controls paid about the same per quarter of employment, then it follows that the relative gain in the number of quarters employed and average total earnings must have been quite similar. That is, if the time worked increased by a given percentage, then total earnings will increase by the same percentage if earnings per time period do not change. Although not shown in Table 6.1, impacts on number of quarters of employment during the three-year follow-up were calculated for all counties, along with gains relative to the control group means. In Alameda, Los Angeles, and San Diego, these measures showed that the relative gain in employment was much larger than the relative gain in earnings. In Riverside, the two relative gains were similar. In Butte, the relative gain in employment was about 55 percent of the relative gain in earnings.

[17] Additional support for this hypothesis may be found in Friedlander and Burtless, forthcoming.

As was the case for AFDC-FGs, measures summarizing results for AFDC-Us across all counties are of some interest. Averaging across five counties (omitting Alameda because the sample there was small), and giving each county equal weight, yields three-year earnings gains for AFDC-Us of $1,111 per experimental group member and three-year welfare savings of $1,168, both statistically significant. As discussed in Chapter 4, and as shown in Table 6.2, slightly different impact estimates are obtained from weighting by the size of each county's GAIN caseload. This second method yields an average earnings gain of $853 and an average welfare saving of $1,251.[20] According to a third way of estimating GAIN's effects – weighting by county sample sizes – experimentals averaged $807 more in earnings during the three-year follow-up and received $1,216 less in AFDC payments.

## IV. Impacts on Earnings Levels

As for AFDC-FGs, impacts on the distribution of earnings for AFDC-Us suggests that obtaining "better" jobs was important in producing relatively large earnings impacts. Again, the implication is that the estimated average earnings impact obscures a substantial variation in GAIN's effects across sample members.

Table 6.3 gives the percentage of experimentals and controls whose earnings for year 3 were in each of several brackets, laid out in the same format as in Chapter 4. Across counties, having a larger earnings impact is associated with having an impact in higher earnings brackets. Butte, the county with the largest third-year earnings impact (see Table 6.1), was the only county to show an

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[18] Cases that entered the research sample as AFDC-U cases were kept in the AFDC-U sample even if that case subsequently became an AFDC-FG case. Welfare payments to the case continued to be entered into the research data, even though the original case head stopped being the case head. In an unpublished MDRC study on the San Diego SWIM data, it was found that about half of the AFDC-U cases in the control group converted to AFDC-FG status sometime during the five-year follow-up. SWIM increased this rate by about five percentage points for experimentals.

[19] The average monthly payment for controls is obtained by dividing the average total dollar amount by the average number of months during which AFDC payments were received. Multiplying this figure by the reduction in months indicates what the total reduction in AFDC payments would have been had average monthly payment amounts been the same for experimentals and controls who remained on welfare. In Riverside and San Diego, the figure is about 60 percent. In Butte, it is about one-half. In Los Angeles, there was no overall reduction in months on AFDC.

[20] Including Alameda in the averages gives summary estimates of earnings gains of $1,056 (equal weighting), $852 (weighting by GAIN caseload size), and $806 (weighting by county sample size). The corresponding averages for AFDC savings are: $991, $1,234, and $1,196.

## TABLE 6.2

## GAIN's POOLED IMPACTS ON EARNINGS AND AFDC PAYMENTS FOR AFDC-U REGISTRANTS, BY ALTERNATIVE WEIGHTING METHODS

| | Earnings Impacts ($) | | | | AFDC Payments Impacts ($) | | | |
|---|---|---|---|---|---|---|---|---|
| Weighting Method | Year 1 | Year 2 | Year 3 | Total | Year 1 | Year 2 | Year 3 | Total |
| Equal weighting (a) | 329 *** | 343 ** | 384 ** | 1056 *** | -325 *** | -361 *** | -305 ** | -991 *** |
| | 384 *** | 372 ** | 355 ** | 1111 *** | -422 *** | -469 *** | -277 *** | -1168 *** |
| By county's GAIN caseload in December 1991 (a) | 342 *** | 313 ** | 198 | 852 *** | -454 *** | -515 *** | -264 *** | -1234 *** |
| | 346 *** | 315 ** | 193 | 853 *** | -464 *** | -525 *** | -262 *** | -1251 *** |
| By county's sample size (a) | 358 *** | 265 * | 183 | 806 ** | -463 *** | -485 *** | -247 *** | -1196 *** |
| | 364 *** | 266 * | 177 | 807 ** | -475 *** | -497 *** | -244 ** | -1216 *** |

SOURCE: See Tables 1.1 and 6.1.

NOTES: See Table 6.1.

The pooled impacts were computed in the following way. The impact of each county was first multiplied by that county's respective weight. Therefore, each county's impact was multiplied by one for the equal weighting method; by the county's GAIN caseload for the caseload method; and by the county's sample size for the sample size method. For each method, the six products were then summed and divided by the sum of the weights. The significance levels were obtained from t-values calculated by dividing the pooled impact by the pooled standard error. The pooled standard error was calculated by first squaring the standard errors of the individual county impacts multiplied by the county weight. These squares were then summed and the total was divided by the square of the sum of the weights. The square root of this sum yielded the pooled standard error.

(a) For each weighting method, the first row includes Alameda's impact, which was based on a very small sample. The second row excludes Alameda's impacts.

## TABLE 6.3

## GAIN's IMPACTS ON THE DISTRIBUTION OF EARNINGS IN YEAR 3 FOR AFDC-Us

| | Percent in Annual Earnings Bracket | | | *Percent in Annual Earnings Bracket (a)* | | |
|---|---|---|---|---|---|---|
| County and Outcome | Experimentals | Controls | Difference | *Employed Experimentals* | *Employed Controls* | *Difference* |
| **Alameda** | | | | | | |
| None | 72.5 | 83.1 | -10.6 * | -- | -- | -- |
| $1-$1,999 | 8.5 | 4.5 | 4.0 | *30.8* | *26.5* | *4.3* |
| $2,000-$4,999 | 11.4 | 4.7 | 6.7 * | *41.3* | *27.9* | *13.4* |
| $5,000-$9,999 | 3.3 | 3.3 | -0.1 | *11.9* | *19.6* | *-7.8* |
| $10,000-$19,999 | 1.8 | 3.8 | -2.0 | *6.6* | *22.4* | *-15.9* |
| $20,000 or more | 2.6 | 0.6 | 2.0 | *9.4* | *3.5* | *5.9* |
| Sample size (total=182) | | | | | | |
| **Butte** | | | | | | |
| None | 51.9 | 58.1 | -6.2 * | -- | -- | -- |
| $1-$1,999 | 10.9 | 9.7 | 1.2 | *22.7* | *23.2* | *-0.5* |
| $2,000-$4,999 | 10.0 | 9.7 | 0.4 | *20.8* | *23.1* | *-2.2* |
| $5,000-$9,999 | 9.4 | 9.2 | 0.1 | *19.5* | *22.0* | *-2.5* |
| $10,000-$19,999 | 11.8 | 10.3 | 1.5 | *24.5* | *24.4* | *0.0* |
| $20,000 or more | 6.0 | 3.1 | 3.0 * | *12.5* | *7.3* | *5.2* |
| Sample size (total=1006) | | | | | | |
| **Los Angeles** | | | | | | |
| None | 64.2 | 74.0 | -9.8 *** | -- | -- | -- |
| $1-$1,999 | 5.9 | 5.1 | 0.8 | *16.5* | *19.5* | *-3.1* |
| $2,000-$4,999 | 22.7 | 14.8 | 7.9 *** | *63.4* | *57.0* | *6.4* |
| $5,000-$9,999 | 4.1 | 3.1 | 1.0 | *11.4* | *11.8* | *-0.4* |
| $10,000-$19,999 | 2.0 | 2.2 | -0.2 | *5.7* | *8.5* | *-2.9* |
| $20,000 or more | 1.1 | 0.8 | 0.3 | *3.1* | *3.2* | *-0.1* |
| Sample size (total=1458) | | | | | | |
| **Riverside** | | | | | | |
| None | 55.2 | 59.8 | -4.6 ** | -- | -- | -- |
| $1-$1,999 | 11.2 | 11.0 | 0.2 | *25.1* | *27.3* | *-2.3* |
| $2,000-$4,999 | 10.3 | 7.3 | 3.0 ** | *22.9* | *18.2* | *4.8* |
| $5,000-$9,999 | 9.0 | 10.2 | -1.2 | *20.1* | *25.3* | *-5.2* |
| $10,000-$19,999 | 9.5 | 7.2 | 2.3 * | *21.3* | *17.9* | *3.4* |
| $20,000 or more | 4.8 | 4.6 | 0.2 | *10.6* | *11.3* | *-0.7* |
| Sample size (total=2323) | | | | | | |
| **San Diego** | | | | | | |
| None | 54.4 | 56.1 | -1.7 | -- | -- | -- |
| $1-$1,999 | 10.5 | 9.3 | 1.2 | *23.0* | *21.2* | *1.8* |
| $2,000-$4,999 | 12.1 | 11.3 | 0.7 | *26.5* | *25.8* | *0.7* |
| $5,000-$9,999 | 7.4 | 6.3 | 1.1 | *16.2* | *14.3* | *1.8* |
| $10,000-$19,999 | 9.7 | 9.2 | 0.4 | *21.2* | *21.0* | *0.2* |
| $20,000 or more | 6.0 | 7.7 | -1.8 * | *13.2* | *17.7* | *-4.5* |
| Sample size (total=3272) | | | | | | |
| **Tulare** | | | | | | |
| None | 51.1 | 51.6 | -0.5 | -- | -- | -- |
| $1-$1,999 | 11.5 | 12.5 | -1.0 | *23.5* | *25.7* | *-2.2* |
| $2,000-$4,999 | 10.2 | 8.9 | 1.2 | *20.8* | *18.5* | *2.3* |
| $5,000-$9,999 | 11.6 | 9.6 | 2.0 | *23.8* | *19.9* | *3.9* |
| $10,000-$19,999 | 11.2 | 13.2 | -2.0 | *22.8* | *27.3* | *-4.5* |
| $20,000 or more | 4.5 | 4.2 | 0.3 | *9.1* | *8.6* | *0.5* |
| Sample size (total=1901) | | | | | | |

SOURCE: See Table 6.1.

NOTES: See Table 6.1.
Where data are not applicable, dashes are used.
(a) Estimates in italics were based only on persons with earnings. Statistical tests were not applied to the differences.

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increase in employment in the upper earnings bracket ($20,000 or more),[21] which accounted for possibly as much as two-thirds of its total earnings impact.[22] Butte did not show increases in the lower earnings brackets (below $10,000). In contrast, Los Angeles showed a larger total increase in employment than Butte, but that increase was concentrated in the lower earnings brackets, which produced only a moderate total earnings impact for year 3. Riverside had less of an employment impact than Los Angeles, but some of it accrued in the next-to-highest bracket, giving that county a moderate total earnings gain for year 3. Finally, Tulare, with about a zero earnings impact for year 3, showed no effect on employment in any bracket, and San Diego, with a slightly *negative* earnings impact for year 3, showed a negative effect on the highest earnings bracket.

## V. County Comparisons Using AFDC-FG and AFDC-U Results

The magnitude of impacts for AFDC-FGs and AFDC-Us was correlated across counties. Counties with impacts for AFDC-FGs that were large or small compared to impacts for AFDC-FGs in other counties tended to obtain impacts for AFDC-Us that were also large or small compared to impacts on AFDC-Us elsewhere. This relationship was substantially stronger for welfare savings than for earnings gains. Omitting Alameda and weighting the remaining counties equally, the simple correlation between earnings gains for AFDC-FGs and AFDC-Us across counties is +0.33 (of a maximum of +1.00); for welfare savings, the correlation coefficient is +0.99.[23] The high degree of correlation for welfare savings across counties stems from the strong showing for both target groups in Riverside and the weak showing for both in Tulare. The much lower correlation of earnings gains for AFDC-FGs and AFDC-Us across counties is, in part, attributable to the large increase in earnings impacts for AFDC-Us in Butte from year 1 to year 2 and its persistence in year 3.

There was also a strong relationship between earnings gains and welfare savings across counties, particularly for AFDC-FGs. Relatively large earnings gains were associated with relatively large AFDC payment reductions. The simple correlation coefficient between earnings gains and welfare savings for AFDC-FGs (six counties) is +0.81; for AFDC-Us (five counties), it is +0.49.[24] The strong relationship between earnings gains and welfare savings for AFDC-FGs depends in large part on the results for Riverside and Tulare. The same relationship for AFDC-Us is weaker because the large earnings impact in Butte was not accompanied by a correspondingly large welfare impact. In addition, from year 1 to year 2, Riverside's AFDC-U earnings impacts fell out of first place among the counties, while the AFDC-U welfare savings for that county remained the largest.

## VI. Impacts After the Third Follow-Up Year

Figure 6.2 presents experimental-control differences in earnings and AFDC payments separately for early cohorts and full county samples, along with the dates that define the cohorts and their sample

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[21] Alameda had a small increase in the top bracket, but that was offset by a *decrease* of the same size in the next-lower bracket.

[22] See Chapter 4 for the derivation of this estimate.

[23] Correlations that also include Alameda are similar: +0.32 for earnings gains and +0.90 for welfare savings.

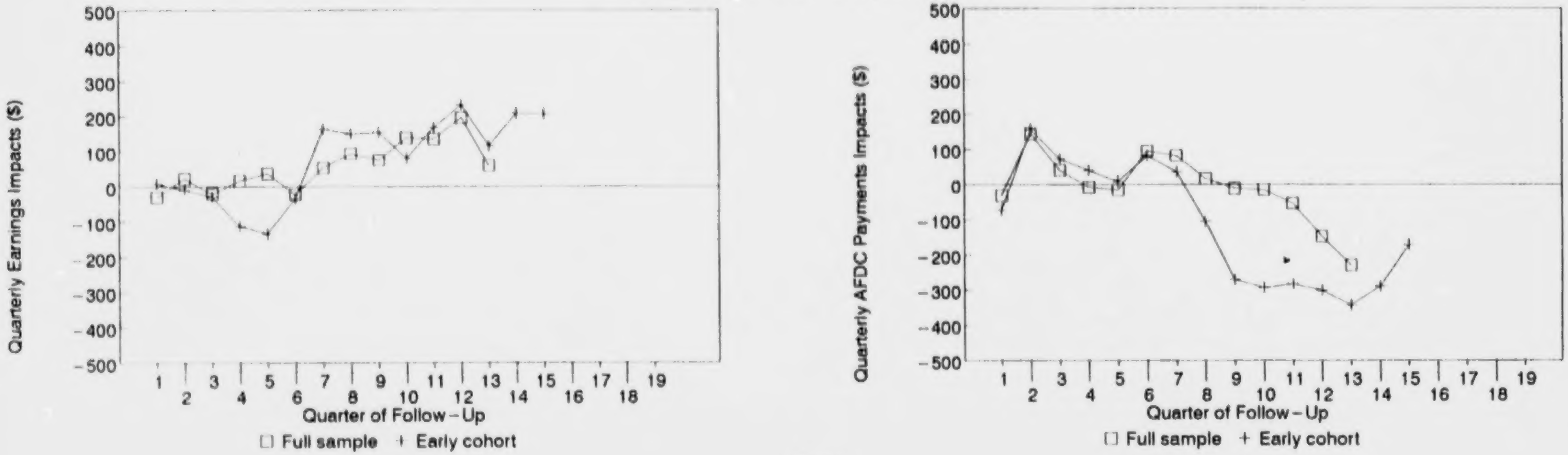
[24] Including Alameda in the AFDC-U correlation makes it +0.47, quite close to the five-county number.

## FIGURE 6.2

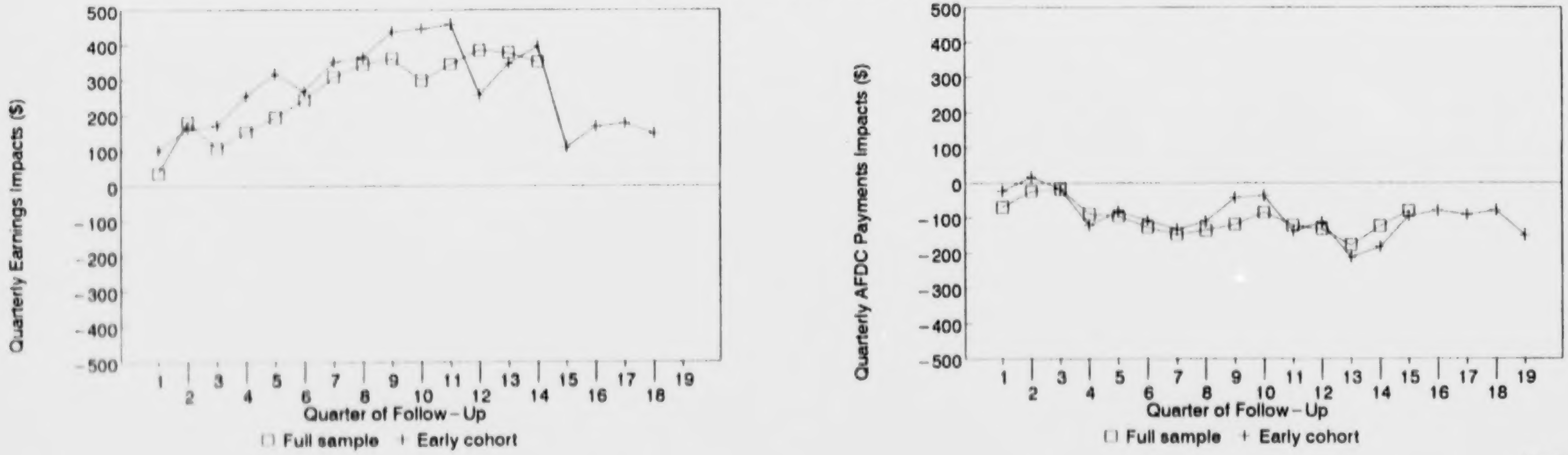
## IMPACTS ON EARNINGS AND AFDC PAYMENTS FOR THE FULL SAMPLES AND EARLY COHORTS OF AFDC-U REGISTRANTS

Year 1: Quarters 2-5
Year 2: Quarters 6-9
Year 3: Quarters 10-13

Alameda
(Full sample: 182. Early cohort: 87.)



Butte
(Full sample: 1,006. Early cohort: 587.)



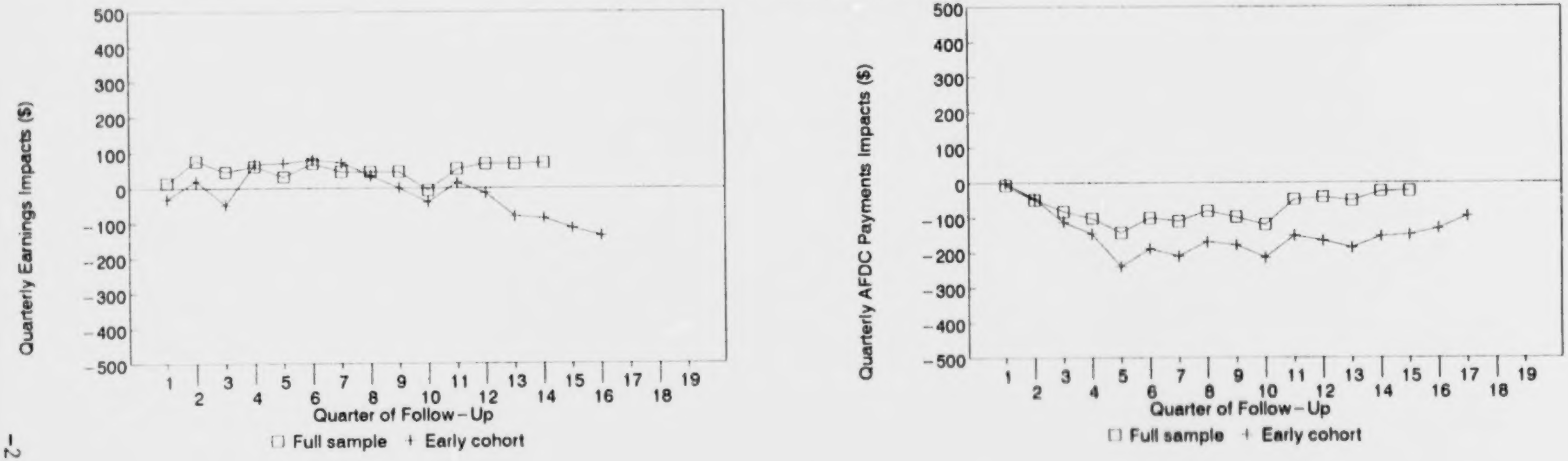
(continued)

## FIGURE 6.2 (continued)

Year 1: Quarters 2–5
Year 2: Quarters 6–9
Year 3: Quarters 10–13

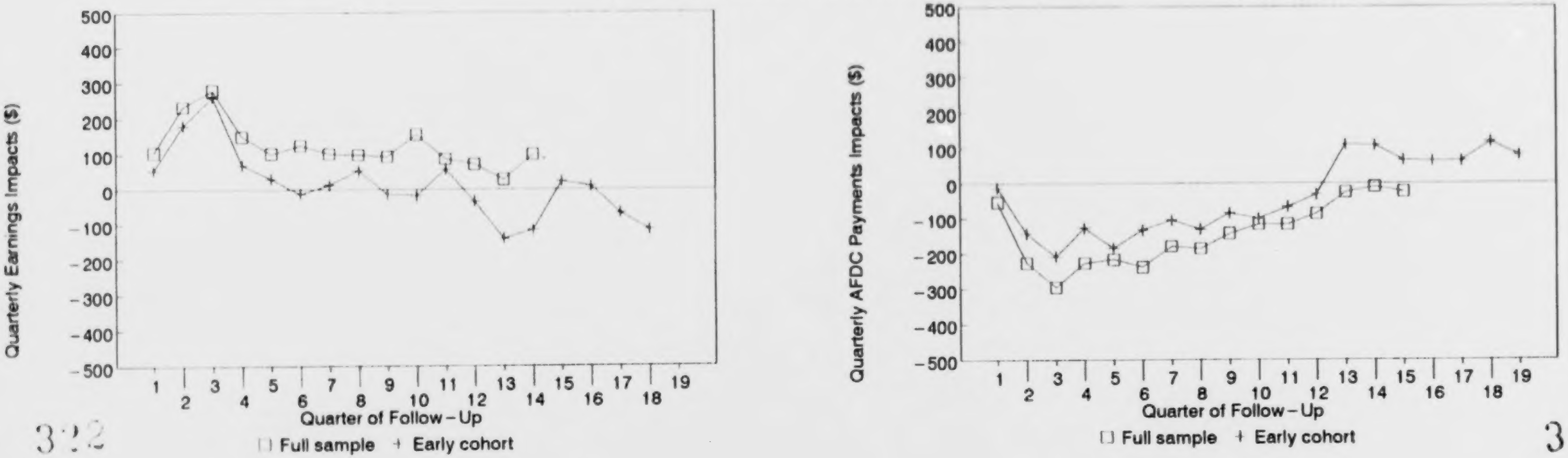
### Los Angeles

(Full sample: 1,458. Early cohort: 664.)



### Riverside

(Full sample: 2,323. Early cohort:1,078.)

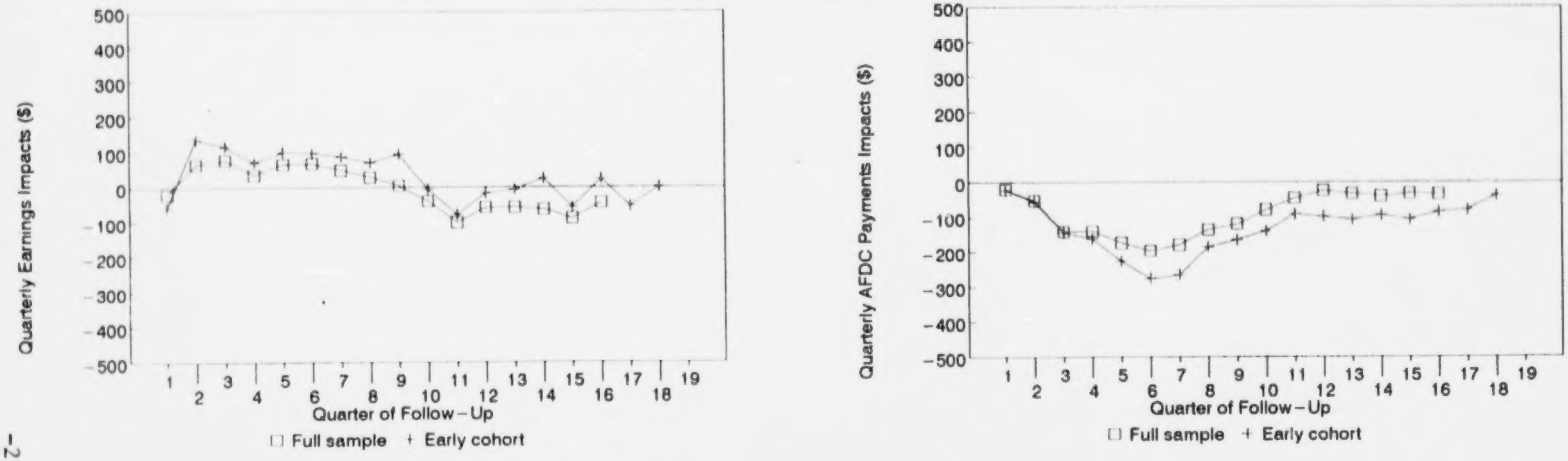


(continued)

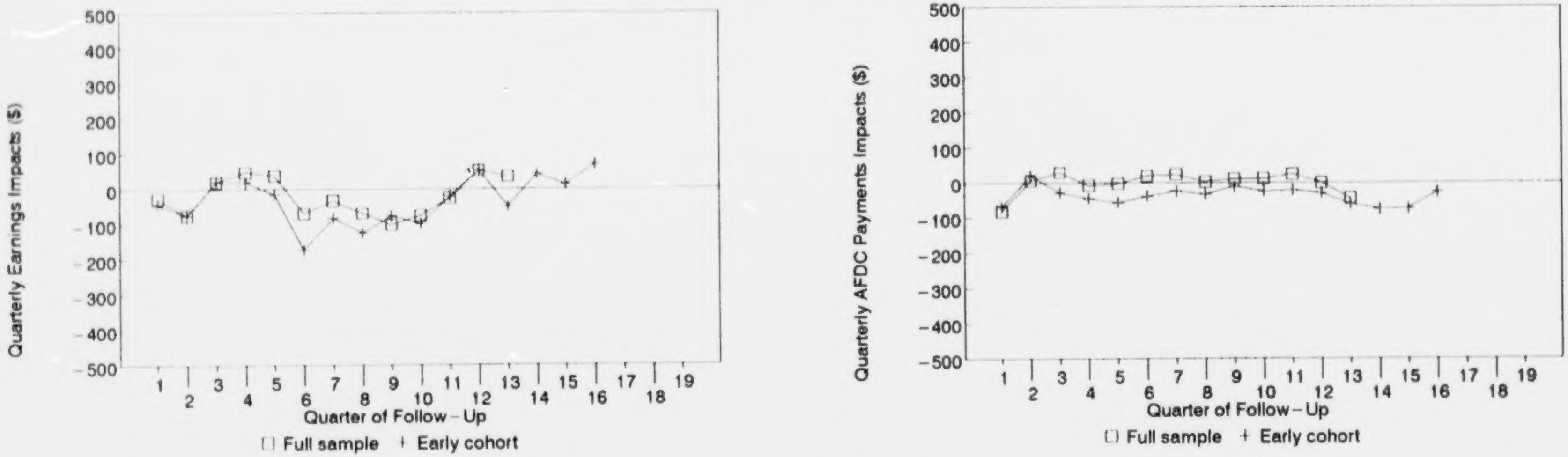
## FIGURE 6.2 (continued)

Year 1: Quarters 2–5
Year 2: Quarters 6–9
Year 3: Quarters 10–13

San Diego
(Full sample: 3,272. Early cohort: 2,055.)



Tulare
(Full sample: 1,901. Early cohort:1,283.)



(continued)

## FIGURE 6.2 (continued)

SOURCE AND NOTES: See Table 6.1 and Appendix G. The early cohort in this figure consist of individuals who were randomly assigned as follows:

| | |
|---|---|
| Alameda | July 1989 – December 1989 |
| Butte | March 1988 – March 1989 |
| Los Angeles | July 1989 – September 1989 |
| Riverside | August 1988 – March 1989 |
| San Diego | August 1988 – March 1989 |
| Tulare | January 1989 – September 1989 |

sizes. The early cohort sample for Alameda was too small for meaningful analysis. The early cohort in Butte was also relatively small, and the impact estimates there should be considered of below-average reliability.

Information from this cohort analysis changes the picture of AFDC-U impacts very little. Impact estimates for the full AFDC-U samples and the early cohorts indicate that, for the most part, earnings impacts may have reached a peak as early as year 1 or the first part of year 2, with relatively modest or declining effects after that point. Welfare reductions, when they occurred, showed a similar pattern. The one possible exception to this pattern was Butte, where the experimental-control differential in earnings grew through the middle of year 3.

Riverside's results for both the full sample and the early cohort indicate a sharp decline in year 1 followed by a slower tapering off over the next two years, although some experimental-control difference in earnings may persist beyond year 3. Earnings impacts had fallen to approximately zero by the beginning of year 2 for the early cohort, as shown in the Riverside earnings graph. For the full sample as well, earnings gains were well below their peak by year 2. The late cohort does show an up-tick from quarter 14 to quarter 15, which may carry full sample earnings gains at a level of about $100 per quarter ($400 annualized), or slightly higher, in year 4. But the late cohort falls off again in quarters 17 and 18. Insufficient information is available at this time to predict the precise course of earnings gains for Riverside's AFDC-Us with any confidence after about the middle of year 4. Regarding AFDC payments, the experimental-control differential for both the full sample and the early cohort began to taper off in year 1. The full sample curve looks more favorable than that for the early cohort, but does not alter the expectation that almost all of the AFDC impact for AFDC-Us in Riverside occurred within three years after program entry.

In San Diego, earnings impacts for the full sample and the early cohort were in the vicinity of zero by year 3 and support the conclusion that overall earnings impacts for AFDC-Us reached their maximum in year 1. In Los Angeles, the full sample earnings impact appeared to be holding steady at a low level, while the early cohort impacts declined and became negative. It is difficult to judge what the combined effect will be for year 4 and beyond. Both Los Angeles and San Diego showed greater welfare savings in year 2 than in year 1, but much less in year 3, with a possible peak in the experimental-control welfare differential around the beginning of year 2.

Butte is the only county where the full AFDC-U sample showed earnings gains that increased quarter by quarter, although impacts appear to have leveled off by year 3. The early cohort results in Butte are of particular interest, since they suggest that year 4 may show a decline in earnings impacts rather than a steady effect. The experimental-control differentials in AFDC payments for the full sample and the early cohort in Butte did not show the decline found in Riverside and other counties: Savings were larger in year 2 than in year 1, persisted in year 3, and may hold up for some time beyond that point.

Neither the full sample nor the early cohort in Tulare gives evidence that impacts on earnings or AFDC payments are likely to appear over time in that county.

## VII. Three-Year Impacts for Subgroups

The subgroup analysis for AFDC-U registrants parallels that for AFDC-FG registrants. Subgroups are defined the same way, and the analysis methods are the same. In each county, subgroup samples were smaller than the full samples, with the associated decrease in precision and statistical significance. As indicated earlier, impact estimates for very small samples will be flagged in the subgroup tables with the symbol "u" (for "unreliable") to indicate low reliability.

### A. Assessed Need for Basic Education

Tables 6.4 and 6.5 present the impacts of GAIN for AFDC-Us by county, separately for portions of the samples determined by GAIN not to need or to need basic education. Because of the very small not-in-need and in-need subgroups in Alameda, that county's impact estimates are flagged in these tables. The not-in-need subgroup in Los Angeles was quite small, too, and the dollar amounts of its impact estimates have low reliability. Of below-average precision are the dollar amount estimates for impacts for both subgroups in Butte and the not-in-need subgroup in Tulare.

As was the case for AFDC-FG registrants, the mix of AFDC-U subgroups differed across counties. Los Angeles again had the highest proportion determined to need basic education (92.2 percent); Butte again had the lowest (57.7 percent). In every county, the percentage in need was larger in the AFDC-U sample than in the AFDC-FG sample. In some counties, the AFDC-U samples included a particularly large proportion of refugees and others who were not proficient in English and whom GAIN slated for the ESL component of basic education.

The three-year impact estimates presented in Tables 6.4 and 6.5 show that both earnings gains and welfare savings were generally larger for the not-in-need subgroup, a pattern that, at least for earnings gains, was similar to the one found for AFDC-FG registrants. Earnings impacts were larger for the not-in-need subgroup in Butte, Riverside, and San Diego; and, in those counties, there were statistically significant earnings impacts only for the not-in-need subgroup (first-year impacts were statistically significant in San Diego, but second- and third-year impacts and the cumulative total were not). Only in Los Angeles was the pattern reversed, with earnings impacts being larger for the in-need subgroup and statistically significant only for that subgroup. The not-in-need subgroup in Los Angeles was quite small, however. Statistically significant three-year AFDC reductions were found only in Butte and Riverside for the not-in-need subgroup, although AFDC reductions for year 1 were statistically significant in Los Angeles and San Diego. In three of those four counties (all but Butte), statistically significant three-year AFDC savings were found for the in-need subgroup. In Butte, Los Angeles, and Riverside, however, the dollar savings were larger for the not-in-need subgroup; in San Diego, the savings were larger for the in-need subgroup.[25]

In Tulare, neither subgroup had statistically significant impacts on earnings or AFDC payments. The earnings impacts that appeared in year 3 for the not-in-need subgroup were not statistically significant and were offset by negative effects on the in-need subgroup. Differences between educational need subgroups do not account for the absence of overall program impacts for AFDC-Us in that county.

### B. Other Subgroups

Table 6.6 presents third-year impacts on earnings and AFDC payments by county for a number of other subgroups. These subgroups were defined the same way for AFDC-Us as they were for

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[25] Differences in earnings gains between educational need subgroups were statistically significant in all counties except Tulare. Differences in AFDC savings were statistically significant in Alameda and Butte.

## TABLE 6.4

## GAIN's THREE-YEAR IMPACTS ON EARNINGS AND AFDC PAYMENTS FOR AFDC-U REGISTRANTS DETERMINED NOT TO NEED BASIC EDUCATION

| | Average Total Earnings | | | | Average Total AFDC Payments | | | |
|---|---|---|---|---|---|---|---|---|
| County and Year | Experimentals ($) | Controls ($) | Difference ($) | Percentage Change | Experimentals ($) | Controls ($) | Difference ($) | Percentage Change |
| **Alameda** | | | | | | | | |
| Year 1 | 2460 | 1194 | 1265 u | 106% | 8757 | 9799 | −1042 u* | −11% |
| Year 2 | 3224 | 1012 | 2212 u | 219% | 7538 | 8315 | −777 u | −9% |
| Year 3 | 2777 | 272 | 2505 u** | 920% | 6608 | 7139 | −531 u | −7% |
| Total | 8461 | 2478 | 5983 u | 241% | 22903 | 25252 | −2350 u | −9% |
| Sample size (total = 34) | | | | | | | | |
| **Butte** | | | | | | | | |
| Year 1 | 3938 | 2690 | 1248 * | 46% | 5945 | 6472 | −528 | −8% |
| Year 2 | 5566 | 3235 | 2331 ** | 72% | 4404 | 5611 | −1207 ** | −22% |
| Year 3 | 6621 | 4193 | 2428 ** | 58% | 3477 | 4632 | −1154 ** | −25% |
| Total | 16126 | 10119 | 6007 ** | 59% | 13826 | 16715 | −2890 ** | −17% |
| Sample size (total = 426) | | | | | | | | |
| **Los Angeles** | | | | | | | | |
| Year 1 | 1775 | 1591 | 183 u | 12% | 8457 | 9675 | −1217 u*** | −13% |
| Year 2 | 2470 | 2687 | −217 u | −8% | 7364 | 8326 | −962 u | −12% |
| Year 3 | 1655 | 2932 | −1277 u | −44% | 7104 | 7025 | 79 u | 1% |
| Total | 5899 | 7210 | −1311 u | −18% | 22925 | 25025 | −2100 u | −8% |
| Sample size (total = 113) | | | | | | | | |
| **Riverside** | | | | | | | | |
| Year 1 | 4718 | 3143 | 1575 *** | 50% | 4582 | 5744 | −1162 *** | −20% |
| Year 2 | 5284 | 4244 | 1040 * | 24% | 3387 | 4245 | −858 ** | −20% |
| Year 3 | 4732 | 3886 | 846 | 22% | 3103 | 3528 | −424 | −12% |
| Total | 14734 | 11273 | 3461 ** | 31% | 11073 | 13517 | −2444 *** | −18% |
| Sample size (total = 774) | | | | | | | | |
| **San Diego** | | | | | | | | |
| Year 1 | 4562 | 3531 | 1032 ** | 29% | 5852 | 6610 | −758 *** | −11% |
| Year 2 | 5491 | 4929 | 562 | 11% | 4588 | 4920 | −331 | −7% |
| Year 3 | 5604 | 5744 | −140 | −2% | 4193 | 3950 | 243 | 6% |
| Total | 15657 | 14203 | 1453 | 10% | 14633 | 15479 | −846 | −5% |
| Sample size (total = 1214) | | | | | | | | |
| **Tulare** | | | | | | | | |
| Year 1 | 4322 | 4069 | 253 | 6% | 6295 | 6410 | −115 | −2% |
| Year 2 | 5802 | 6731 | −928 | −14% | 4991 | 4535 | 456 | 10% |
| Year 3 | 6986 | 5835 | 1151 | 20% | 4281 | 3879 | 401 | 10% |
| Total | 17111 | 16635 | 477 | 3% | 15567 | 14825 | 742 | 5% |
| Sample size (total = 495) | | | | | | | | |

SOURCE AND NOTES: See Table 6.1.

The symbol "u" indicates that, because of very small sample sizes, the impact estimate shown is unreliable; asterisks following the symbol indicate that there was a statistically significant effect, though its magnitude could not be reliably measured.

## TABLE 6.5

## GAIN's YEAR 3 IMPACTS ON EARNINGS AND AFDC PAYMENTS FOR AFDC–U REGISTRANTS DETERMINED TO NEED BASIC EDUCATION

| | Average Total Earnings | | | | Average Total AFDC Payments | | | |
|---|---|---|---|---|---|---|---|---|
| County and Year | Experimentals ($) | Controls ($) | Difference ($) | Percentage Change | Experimentals ($) | Controls ($) | Difference ($) | Percentage Change |
| **Alameda** | | | | | | | | |
| Year 1 | 730 | 1113 | −382 u | −34% | 10360 | 9938 | 422 u | 4% |
| Year 2 | 879 | 1180 | −301 u | −26% | 9319 | 9139 | 180 u | 2% |
| Year 3 | 1402 | 1173 | 229 u | 20% | 7665 | 8192 | −527 u | −6% |
| Total | 3010 | 3465 | −455 u | −13% | 27344 | 27269 | 75 u | 0% |
| Sample size (total = 148) | | | | | | | | |
| **Butte** | | | | | | | | |
| Year 1 | 2385 | 2062 | 323 | 16% | 6944 | 6970 | −26 | −0% |
| Year 2 | 2944 | 2289 | 655 | 29% | 5872 | 5888 | −16 | −0% |
| Year 3 | 3426 | 2541 | 885 | 35% | 5344 | 5419 | −75 | −1% |
| Total | 8755 | 6893 | 1862 | 27% | 18160 | 18277 | −118 | −1% |
| Sample size (total = 580) | | | | | | | | |
| **Los Angeles** | | | | | | | | |
| Year 1 | 1436 | 1209 | 227 * | 19% | 9518 | 9881 | −364 *** | −4% |
| Year 2 | 1703 | 1385 | 318 * | 23% | 8410 | 8866 | −456 *** | −5% |
| Year 3 | 1680 | 1319 | 361 * | 27% | 7440 | 7809 | −369 ** | −5% |
| Total | 4818 | 3912 | 906 ** | 23% | 25368 | 26556 | −1188 *** | −4% |
| Sample size (total = 1345) | | | | | | | | |
| **Riverside** | | | | | | | | |
| Year 1 | 3169 | 2840 | 329 | 12% | 4959 | 5858 | −899 *** | −15% |
| Year 2 | 3423 | 3303 | 119 | 4% | 4137 | 4855 | −718 *** | −15% |
| Year 3 | 3361 | 3254 | 107 | 3% | 3872 | 4179 | −307 | −7% |
| Total | 9953 | 9398 | 555 | 6% | 12967 | 14892 | −1924 *** | −13% |
| Sample size (total = 1549) | | | | | | | | |
| **San Diego** | | | | | | | | |
| Year 1 | 2622 | 2807 | −184 | −7% | 7345 | 7698 | −353 ** | −5% |
| Year 2 | 3341 | 3381 | −40 | −1% | 6147 | 6945 | −799 *** | −11% |
| Year 3 | 3294 | 3584 | −290 | −8% | 5732 | 6146 | −414 * | −7% |
| Total | 9257 | 9772 | −515 | −5% | 19223 | 20789 | −1566 *** | −8% |
| Sample size (total = 2058) | | | | | | | | |
| **Tulare** | | | | | | | | |
| Year 1 | 2512 | 2578 | −66 | −3% | 7981 | 7925 | 56 | 1% |
| Year 2 | 2981 | 3060 | −79 | −3% | 6775 | 6880 | −105 | −2% |
| Year 3 | 3106 | 3540 | −434 | −12% | 6040 | 6221 | −181 | −3% |
| Total | 8600 | 9178 | −578 | −6% | 20796 | 21026 | −230 | −1% |
| Sample size (total = 1406) | | | | | | | | |

SOURCE AND NOTES: See Table 6.1.
The symbol "u" indicates that, because of very small sample sizes, the impact estimate shown is unreliable; asterisks following the symbol indicate that there was a statistically significant effect, though its magnitude could not be reliably measured.

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AFDC-FGs. Sample size limitations, discussed in Chapter 4, should be kept in mind. They are generally even more severe than for AFDC-FGs. Notably, none of the subgroup impacts estimated for Alameda should be considered reliable. Some of the discussion around other counties is also based on unreliable estimates. Third-year impacts were chosen because they make a substantial contribution to cumulative three-year impacts and are the most important indicators of the likely path of future impacts.

Two questions are addressed in examining year 3 results for these subgroups. Were the overall results for AFDC-Us limited by GAIN's not having produced impacts for any particular subgroup or subgroups? Does the subgroup composition of the county caseloads explain why Butte, the county with the largest three-year earnings impacts for AFDC-Us, performed as well as it did? In analyzing the results, estimated subgroup impacts in year 3 will frequently be compared to the all-county average impact estimates for year 3: approximately $350 in earnings gains and $300 in AFDC savings (see Table 6.1).

To preview the findings: No clear evidence was found that any particular subgroup or subgroups limited the impacts of GAIN for AFDC-Us. Almost all of the subgroups examined had statistically significant year 3 impacts on earnings or AFDC payments in at least one county, or had impacts in at least one county that, while not statistically significant, were larger than the year 3 all-county average impact. At the same time, subgroups that showed large impacts in one county generally did not show large impacts in all of them. The evidence indicates, therefore, that the magnitude of impacts for AFDC-Us in year 3 did not result from the performance of different AFDC-U subgroups but, rather, from the characteristics of AFDC-Us in general or from aspects of GAIN that were present in most of the county programs.

As to the second question, the relatively large earnings impacts for Butte appear to have resulted in part from the subgroup composition of its caseload, but also from the county's superior performance with some, though not all, of its subgroups. Butte's AFDC impacts were also the largest among the counties in year 3 (although they were not statistically significant). This, again, appears to have resulted from Butte's having produced, for a sizable share of its research sample, impacts that were larger than those produced for the same subgroups by the other counties.

Each of the two questions central to this section will now be addressed in more detail.

First, was GAIN's performance for AFDC-Us limited by particular subgroups? Most sections of Table 6.6 are arranged so that subgroups for whom it might be suspected it would be difficult to achieve impacts are listed toward the bottom. (The ethnic subgroups, however, are simply listed in the order in which they appear in tables summarizing the characteristics of the research sample.) Among these are subgroups with longer AFDC histories or less recent employment; subgroups with potential language or cultural barriers; subgroups who were already participating in an education or training program at the time they were randomly assigned; and subgroups with larger families (and, hence, a higher ratio of AFDC benefits to potential earnings).

Subgroups with a long welfare history or without recent employment did not necessarily have the smallest impacts, however. For example, "long-term recipients" had AFDC reductions exceeding $300 in every county except Tulare, and these impacts were statistically significant in two counties. Sample members without recent employment and sample members classified as "more disadvantaged

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## TABLE 6.6

## GAIN's THIRD-YEAR IMPACTS ON EARNINGS AND AFDC PAYMENTS FOR SELECTED SUBGROUPS OF AFDC-U REGISTRANTS

| Subgroup and County | Total Sample Size | Average Total Earnings, Year 3 | | | Average Total AFDC Payments, Year 3 | | |
|---|---|---|---|---|---|---|---|
| | | Experimentals ($) | Controls ($) | Difference ($) | Experimentals ($) | Controls ($) | Difference ($) |
| **Welfare history (a)** | | | | | | | |
| Applicant | | | | | | | |
| Butte | 763 | 5116 | 3613 | 1503 ** | 4210 | 4701 | -492 |
| Riverside | 983 | 4804 | 4581 | 223 | 3182 | 3460 | -279 |
| San Diego | 1077 | 4970 | 5493 | -523 | 4102 | 4660 | -557 * |
| Tulare | 421 | 5866 | 5985 | -119 | 4089 | 4769 | -680 |
| Short-term recipient | | | | | | | |
| Butte | 120 | 3810 | 3944 | -134 u | 4296 | 5096 | -800 u |
| Riverside | 867 | 3482 | 3136 | 346 | 3487 | 3949 | -462 |
| San Diego | 1231 | 4537 | 5131 | -594 | 4907 | 4540 | 367 |
| Tulare | 802 | 4735 | 4824 | -89 | 4881 | 4356 | 526 |
| Long-term recipient | | | | | | | |
| Alameda | 182 | 1600 | 1072 | 528 u | 7506 | 7952 | -447 u |
| Butte | 123 | 3243 | 1945 | 1298 u | 6730 | 8062 | -1332 u |
| Los Angeles | 1458 | 1726 | 1417 | 309 | 7417 | 7739 | -323 * |
| Riverside | 473 | 2274 | 1989 | 285 | 4705 | 5131 | -426 |
| San Diego | 964 | 2665 | 2403 | 262 | 6668 | 7197 | -529 * |
| Tulare | 678 | 2274 | 2264 | 10 | 7385 | 7618 | -234 |
| **Received AFDC continuously for at least 6 years prior to GAIN orientation (b)** | | | | | | | |
| No | | | | | | | |
| Alameda | 53 | 2776 | 2334 | 442 u | 5940 | 6556 | -616 u |
| Butte | 974 | 4842 | 3401 | 1441 ** | 4433 | 4956 | -523 |
| Riverside | 2141 | 3923 | 3648 | 275 | 3554 | 3802 | -248 |
| San Diego | 2869 | 4430 | 4637 | -207 | 4933 | 5032 | -99 |
| Tulare | 1653 | 4540 | 4528 | 12 | 5140 | 5164 | -23 |
| Yes | | | | | | | |
| Alameda | 129 | 1117 | 553 | 564 u | 8148 | 8527 | -378 u |
| Butte | 32 | 2052 | 1702 | 350 u | 8208 | 8824 | -616 u |
| Riverside | 182 | 2515 | 1463 | 1052 u | 4346 | 5826 | -1480 u** |
| San Diego | 403 | 2131 | 2708 | -576 | 6757 | 7544 | -787 |
| Tulare | 248 | 1352 | 1510 | -158 u | 8549 | 8560 | -11 u |

(continued)

## TABLE 6.6 (continued)

| Subgroup and County | Total Sample Size | Average Total Earnings, Year 3 |  |  | Average Total AFDC Payments, Year 3 |  |  |
|---|---|---|---|---|---|---|---|
|  |  | Experimentals ($) | Controls ($) | Difference ($) | Experimentals ($) | Controls ($) | Difference ($) |
| **Employed in year prior to GAIN orientation** |  |  |  |  |  |  |  |
| Yes |  |  |  |  |  |  |  |
| Alameda | 28 | 4276 | 3557 | 719 u | 5302 | 5016 | 286 u |
| Butte | 588 | 6510 | 4490 | 2020 *** | 3632 | 4557 | −925 ** |
| Los Angeles | 417 | 2805 | 2868 | −63 | 6956 | 7065 | −109 |
| Riverside | 1315 | 4969 | 4612 | 357 | 3625 | 3616 | 10 |
| San Diego | 1888 | 5202 | 5764 | −562 | 5007 | 5087 | −80 |
| Tulare | 1061 | 5875 | 5538 | 337 | 4652 | 4728 | −75 |
| No |  |  |  |  |  |  |  |
| Alameda | 154 | 1114 | 619 | 495 u | 7909 | 8480 | −571 u |
| Butte | 418 | 2277 | 1693 | 584 | 5854 | 5824 | 30 |
| Los Angeles | 1041 | 1289 | 832 | 457 ** | 7603 | 8011 | −408 ** |
| Riverside | 1008 | 2303 | 1997 | 306 | 3596 | 4402 | −806 *** |
| San Diego | 1384 | 2700 | 2557 | 143 | 5357 | 5678 | −322 |
| Tulare | 840 | 1913 | 2391 | −479 | 6769 | 6698 | 71 |
| **Level of disadvantage** |  |  |  |  |  |  |  |
| First-time applicant |  |  |  |  |  |  |  |
| Butte | 421 | 5412 | 3650 | 1763 * | 4067 | 4447 | −380 |
| Riverside | 324 | 5647 | 3975 | 1672 ** | 2922 | 3456 | −534 |
| San Diego | 266 | 5202 | 4165 | 1037 u | 3884 | 4017 | −132 u |
| Tulare | 193 | 6209 | 5678 | 531 u | 4220 | 4426 | −206 u |
| Returning applicant |  |  |  |  |  |  |  |
| Butte | 342 | 4779 | 3414 | 1365 | 4391 | 4963 | −572 |
| Riverside | 659 | 4364 | 4896 | −531 | 3311 | 3465 | −153 |
| San Diego | 811 | 4865 | 5919 | −1054 * | 4205 | 4740 | −535 |
| Tulare | 228 | 5703 | 5960 | −256 u | 3978 | 5139 | −1161 u* |
| Less disadvantaged recipient |  |  |  |  |  |  |  |
| Alameda | 73 | 2565 | 2306 | 259 u | 6199 | 6360 | −161 u |
| Butte | 186 | 4446 | 3366 | 1080 u | 4348 | 5035 | −687 u |
| Los Angeles | 601 | 2479 | 2551 | −72 | 6901 | 7107 | −205 |
| Riverside | 1091 | 3464 | 2991 | 473 | 3912 | 4129 | −217 |
| San Diego | 1855 | 4131 | 4249 | −118 | 5415 | 5526 | −111 |
| Tulare | 1137 | 4376 | 4340 | 36 | 5277 | 5330 | −53 |
| More disadvantaged recipient |  |  |  |  |  |  |  |
| Alameda | 109 | 1032 | 164 | 868 u | 8328 | 9071 | −743 u |
| Butte | 57 | 528 | 807 | −279 u | 9817 | 10324 | −507 u |
| Los Angeles | 857 | 1184 | 610 | 574 ** | 7780 | 8189 | −409 * |
| Riverside | 249 | 1369 | 1317 | 52 | 4020 | 5092 | −1072 * |
| San Diego | 340 | 1682 | 1738 | −57 | 7008 | 6860 | 148 |
| Tulare | 343 | 1018 | 1529 | −511 | 8467 | 7516 | 951 * |

(continued)

## TABLE 6.6 (continued)

| Subgroup and County | Total Sample Size | Average Total Earnings, Year 3 | | | Average Total AFDC Payments, Year 3 | | |
|---|---|---|---|---|---|---|---|
| | | Experimentals ($) | Controls ($) | Difference ($) | Experimentals ($) | Controls ($) | Difference ($) |
| **Ethnicity** | | | | | | | |
| White, non-Hispanic | | | | | | | |
| Alameda | 29 | 2853 | 437 | 2416 u* | 6546 | 8535 | −1989 u |
| Butte | 763 | 5076 | 3526 | 1550 ** | 3895 | 4763 | −868 ** |
| Los Angeles | 163 | 1930 | 2608 | −677 u | 5930 | 5577 | 353 u |
| Riverside | 1005 | 3730 | 3439 | 291 | 3251 | 3390 | −139 |
| San Diego | 1207 | 4609 | 4083 | 526 | 4197 | 4522 | −325 |
| Tulare | 693 | 4728 | 4803 | −75 | 4219 | 4239 | −19 |
| Black, non-Hispanic | | | | | | | |
| Alameda | 30 | 777 | 310 | 468 u | 8296 | 6702 | 1594 u |
| Butte | 25 | 5473 | 8791 | −3318 u | 3429 | 2864 | 565 u |
| Los Angeles | 61 | 1506 | 1281 | 225 u | 8369 | 8577 | −208 u |
| Riverside | 191 | 3922 | 3298 | 625 u | 4482 | 5456 | −974 u |
| San Diego | 314 | 4132 | 4390 | −259 | 4943 | 4509 | 434 |
| Tulare | 43 | 6013 | 1570 | 4443 u** | 5025 | 7040 | −2015 u |
| Hispanic | | | | | | | |
| Alameda | 17 | 762 | 3195 | −2433 u | 5040 | 5927 | −887 u |
| Butte | 78 | 6914 | 4753 | 2161 u | 4446 | 1710 | 2737 u** |
| Los Angeles | 328 | 1387 | 879 | 508 | 6547 | 7090 | −544 |
| Riverside | 730 | 4777 | 4212 | 566 | 4098 | 4114 | −16 |
| San Diego | 883 | 4793 | 5537 | −744 | 5114 | 5036 | 78 |
| Tulare | 792 | 4897 | 4662 | 235 | 5228 | 5206 | 22 |
| Asian and other | | | | | | | |
| Alameda | 106 | 1550 | 1102 | 448 u | 7911 | 8432 | −521 u |
| Butte | 140 | 1657 | 767 | 890 u | 8422 | 8989 | −567 u |
| Los Angeles | 906 | 1828 | 1407 | 421 * | 7935 | 8308 | −373 * |
| Riverside | 397 | 2193 | 2312 | −119 | 3223 | 4441 | −1218 *** |
| San Diego | 868 | 2846 | 3671 | −825 | 6609 | 7078 | −469 |
| Tulare | 373 | 1129 | 2102 | −973 | 8960 | 8783 | 178 |

(continued)

## TABLE 6.6 (continued)

| Subgroup and County | Total Sample Size | Average Total Earnings, Year 3 | | | Average Total AFDC Payments, Year 3 | | |
|---|---|---|---|---|---|---|---|
| | | Experimentals ($) | Controls ($) | Difference ($) | Experimentals ($) | Controls ($) | Difference ($) |
| **Limited English proficiency** | | | | | | | |
| No | | | | | | | |
| Alameda | 149 | 1871 | 1286 | 585 u | 7134 | 7600 | −467 u |
| Butte | 912 | 5175 | 3576 | 1599 *** | 4047 | 4819 | −772 ** |
| Los Angeles | 433 | 1757 | 1976 | −219 | 7056 | 7536 | −479 |
| Riverside | 2026 | 3880 | 3519 | 361 | 3634 | 3904 | −270 |
| San Diego | 2779 | 4396 | 4803 | −407 | 4894 | 5057 | −163 |
| Tulare | 1528 | 4547 | 4583 | −36 | 5102 | 5256 | −154 |
| Yes | | | | | | | |
| Alameda | 33 | 393 | 100 | 294 u | 9184 | 9541 | −357 u |
| Butte | 94 | 568 | 1175 | −608 u | 9567 | 7512 | 2055 u* |
| Los Angeles | 1025 | 1703 | 1160 | 543 ** | 7559 | 7827 | −268 |
| Riverside | 297 | 3345 | 3202 | 142 | 3485 | 4365 | −880 * |
| San Diego | 493 | 2694 | 2295 | 398 | 6650 | 6854 | −204 |
| Tulare | 373 | 2375 | 2315 | 60 | 7579 | 7011 | 568 |
| **Refugee** | | | | | | | |
| No | | | | | | | |
| Alameda | 80 | 2460 | 1278 | 1181 u | 6498 | 6978 | −481 u |
| Butte | 845 | 4964 | 3520 | 1443 ** | 4297 | 5013 | −716 ** |
| Los Angeles | 534 | 1571 | 1563 | 8 | 6751 | 7039 | −288 |
| Riverside | 2041 | 4095 | 3757 | 338 | 3665 | 3932 | −267 |
| San Diego | 2696 | 4536 | 4750 | −214 | 4718 | 4857 | −139 |
| Tulare | 1574 | 4745 | 4769 | −24 | 4870 | 4889 | −19 |
| Yes | | | | | | | |
| Alameda | 102 | 1120 | 784 | 335 u | 8155 | 8903 | −748 u |
| Butte | 161 | 3639 | 2453 | 1186 u | 5905 | 5269 | 636 u |
| Los Angeles | 924 | 1816 | 1342 | 474 ** | 7805 | 8139 | −333 |
| Riverside | 282 | 1764 | 1459 | 305 | 3256 | 4206 | −950 * |
| San Diego | 576 | 2323 | 2757 | −434 | 7190 | 7634 | −444 |
| Tulare | 327 | 1121 | 1096 | 26 | 9043 | 9026 | 16 |

(continued)

TABLE 6.6 (continued)

| Subgroup and County | Total Sample Size | Average Total Earnings, Year 3 | | | Average Total AFDC Payments, Year 3 | | |
|---|---|---|---|---|---|---|---|
| | | Experimentals ($) | Controls ($) | Difference ($) | Experimentals ($) | Controls ($) | Difference ($) |
| **Participating in education or training program at time of GAIN orientation** | | | | | | | |
| No | | | | | | | |
| Alameda | 167 | 1639 | 1200 | 439 u | 7546 | 7853 | −307 u |
| Butte | 862 | 4464 | 3397 | 1067 * | 4453 | 5021 | −568 |
| Los Angeles | 1380 | 1709 | 1275 | 434 ** | 7329 | 7720 | −392 ** |
| Riverside | 2109 | 3812 | 3503 | 310 | 3659 | 4016 | −357 * |
| San Diego | 2869 | 4077 | 4356 | −278 | 5193 | 5304 | −111 |
| Tulare | 1567 | 4311 | 4510 | −199 | 5229 | 5077 | 153 |
| Yes | | | | | | | |
| Alameda | 15 | 1129 | −322 (d) | 1450 u | 7117 | 9016 | −1899 u |
| Butte | 144 | 6400 | 2977 | 3423 u** | 5184 | 5258 | −74 u |
| Los Angeles | 78 | 1991 | 3565 | −1574 u* | 9158 | 8157 | 1002 u |
| Riverside | 214 | 3805 | 3238 | 567 u | 3177 | 3439 | −262 u |
| San Diego | 403 | 4597 | 4790 | −193 | 4888 | 5604 | −716 |
| Tulare | 334 | 3234 | 2400 | 834 | 7277 | 8027 | −749 |
| **Number of children at time of GAIN orientation (c)** | | | | | | | |
| One | | | | | | | |
| Alameda | 22 | 68 | 1125 | −1057 u | 3131 | 4883 | −1752 u |
| Butte | 301 | 4761 | 4289 | 472 | 3790 | 3940 | −149 |
| Los Angeles | 118 | 1908 | 2204 | −295 u | 3180 | 2947 | 233 u |
| Riverside | 526 | 3752 | 3383 | 369 | 2747 | 3103 | −356 |
| San Diego | 788 | 3944 | 4598 | −654 | 3962 | 4001 | −39 |
| Tulare | 436 | 4589 | 5262 | −673 | 3798 | 3875 | −77 |
| Two | | | | | | | |
| Alameda | 49 | 3603 | 815 | 2788 u*** | 5763 | 7271 | −1507 u |
| Butte | 306 | 5644 | 2694 | 2950 *** | 3466 | 5292 | −1827 *** |
| Los Angeles | 307 | 1548 | 1319 | 229 | 5498 | 5827 | −329 |
| Riverside | 664 | 4535 | 3732 | 803 | 3108 | 3575 | −467 |
| San Diego | 946 | 4756 | 5146 | −390 | 4397 | 4523 | −126 |
| Tulare | 507 | 4858 | 4483 | 375 | 4632 | 4646 | −14 |
| Three or more | | | | | | | |
| Alameda | 110 | 816 | 1060 | −244 u | 9142 | 9056 | 86 u |
| Butte | 394 | 4116 | 3152 | 964 | 5952 | 5873 | 80 |
| Los Angeles | 1032 | 1765 | 1349 | 416 * | 8455 | 8870 | −415 ** |
| Riverside | 1117 | 3419 | 3420 | −1 | 4332 | 4599 | −267 |
| San Diego | 1499 | 3877 | 3873 | 4 | 6280 | 6602 | −322 |
| Tulare | 951 | 3553 | 3428 | 126 | 6893 | 6962 | −68 |

(continued)

## TABLE 6.6 (continued)

SOURCE: See Table 6.1.

NOTES: See Table 6.1.

The symbol "u" indicates that, because of very small sample sizes, the impact estimate shown is unreliable; asterisks following the symbol indicate that there was a statistically significant effect, though its magnitude could not be reliably measured.

(a) Alameda and Los Angeles did not serve applicants or short-term recipients during the period of sample intake.

(b) Information necessary for classifying GAIN recipients into these two categories was not available from the baseline form used in Los Angeles.

(c) This section excludes sample members who reported having no children.

(d) Regression-adjusted means may be negative for very small samples.

Variation in impacts across subgroups was statistically significant as follows:

| Subgroup | Earnings | AFDC Payments |
|---|---|---|
| Welfare history | none | San Diego, Tulare |
| Received AFDC continuously for at least 6 years prior to GAIN orientation | none | Riverside |
| Employed in year prior to GAIN orientation | none | Riverside |
| Level of disadvantage | Los Angeles | Tulare |
| Ethnicity | none | Butte |
| Limited English proficiency | Los Angeles | Butte |
| Refugee | none | none |
| Participation in education or training program at time of GAIN orientation | Los Angeles | Los Angeles |
| Number of children at time of GAIN orientation | Alameda | Butte |

recipients" had statistically significant earnings gains and AFDC reductions in some counties, and their impacts were greater than the all-county average in several counties.

Among AFDC-U ethnic subgroups, sample sizes for blacks were too small to yield generally reliable results. Some above-average or statistically significant impacts were found for both Hispanics and those in the Asian/other category. Sample members with limited English proficiency and refugees obtained statistically significant earnings impacts in Los Angeles, where they were most numerous and constituted two-thirds of the research sample. These subgroups had large and statistically significant AFDC impacts in Riverside, although they made up only about one-eighth of the sample there.

Sample members who were participating in an education or training program at the time of GAIN orientation (i.e., at the time of random assignment) were few in number – under one-fifth of the sample in all counties. Thus, their contribution to the overall county impact would be small, in proportion to their numbers. Nevertheless, this subgroup obtained statistically significant earnings impacts in Butte and above-average earnings (not statistically significant) impacts in one of the other counties (Tulare) that did not have very small samples for this subgroup. This subgroup also showed above-average, though not statistically significant, AFDC impacts in San Diego and Tulare.

AFDC-U sample members with three or more children made up the largest subgroup based on number of children in every county, accounting for about two-thirds of the samples in Alameda and Los Angeles; half of the samples in Riverside, San Diego, and Tulare; and about 40 percent of the sample in Butte. In comparison, this group never made up more than about a third of any county sample among AFDC-FGs. Impacts on this subgroup could therefore have exerted considerable influence on the magnitude of impacts for the full AFDC-U sample. This subgroup did not have consistently lower impacts than the other subgroups defined by number of children. In Butte, the subgroup had larger earnings impacts than the subgroup with one child, although the estimate was not statistically significant. In Los Angeles, the subgroup with three or more children had statistically significant earnings impacts, exceeding both the all-county average and the other two subgroups in that county based on number of children. The subgroup with three or more children obtained statistically significant AFDC impacts in Los Angeles and above-average AFDC impacts in San Diego.

The second key question for this section is: Did Butte obtain large impacts owing to the subgroups with which that county worked? In analyzing the AFDC-U impacts in Butte, the most interesting subgroup breakdown is by "level of disadvantage." The Butte sample had a much higher proportion of first-time and returning applicants than did any other county: 42 and 34 percent of the Butte sample, respectively, and together constituting 76 percent of that sample. In no other county was there more than a 15 percent share of first-time applicants, and in no other county did the two applicant subgroups combined exceed 42 percent. Butte also had a much lower percentage of "more disadvantaged recipients" than any other county: about 6 percent of its sample.

As shown in Table 6.6, among "level of disadvantaged" subgroups, Butte's largest year 3 earnings impact was for first-time applicants: $1,763 (statistically significant). For this subgroup, Riverside had an earnings impact close to Butte's and also statistically significant; and San Diego had an earnings impact of over $1,000, although the estimate was "unreliable" and was also not statistically significant. In Tulare, this was the only subgroup that exceeded the all-county average earnings impact, although Tulare's impact was also "unreliable" and not statistically significant. This array of results suggests that part of the reason Butte obtained large earnings impacts was that it had a large number of first-time applicants.

Butte also had large earnings impacts for its other big "level of disadvantage" subgroup: returning applicants. Those gains in year 3 were $1,365, although the effect was not statistically significant. This impact was much larger than the earnings impacts for the other counties. Butte also had earnings gains of more than $1,000 for "less disadvantaged recipients," again more than twice the impacts achieved for this group by the next nearest county (Riverside), although the Butte estimate should be considered unreliable owing to sample size. Butte did not obtain earnings impacts for the "more disadvantaged recipients," but the small size of this subgroup prevented it from having much effect on the overall Butte impact.

As shown in Table 6.1, Butte was the county with the largest AFDC impact in year 3, although that result was not statistically significant, and the county did not have the largest AFDC impact for the three-year follow-up as a whole. None of the "level of disadvantage" subgroups obtained statistically significant AFDC impacts in Butte, but all of them produced effects exceeding the all-county average. For the "less disadvantaged recipients," who were the largest subgroup in Riverside and San Diego and were also large in Los Angeles, Butte obtained AFDC impacts that were more than three times the size of any achieved elsewhere, although the size of the impact in Butte is based on a small sample. Thus, the magnitude of the year 3 AFDC impact in Butte was associated with the consistency of that county's AFDC impacts across the four "level of disadvantage" subgroups and also with its larger impacts for the one subgroup among the four that was particularly important elsewhere.

## VIII. Other Outcomes

This section examines program impacts on Food Stamp receipt and Food Stamp payments, and on combined income from earnings, AFDC payments, and Food Stamp payments. Methodological issues related to these outcomes are discussed in Chapter 4, and that discussion is not repeated here.

### A. Food Stamps

Table 6.7 shows estimates of Food Stamp receipt and Food Stamp payments for AFDC-U sample members in the six GAIN research counties. A discussion of the Food Stamp data and analysis issues may be found in Chapter 4. As was the case for AFDC-FGs, a decreasing percentage of controls received Food Stamps over time, but the average dollar amounts of Food Stamps received increased over time. (See Chapter 4, Section VIIIA for a note on this issue.) Food Stamp payments for AFDC-U controls were slightly larger relative to their AFDC payments than they were for AFDC-FG controls, amounting to just under a quarter of the AFDC payments.

Impacts on Food Stamps for AFDC-Us were larger than for AFDC-FGs. As shown in Table 6.7, cumulative three-year Food Stamp reductions of more than $250 per sample member were obtained in four counties, and the effects were statistically significant in two. Los Angeles and Riverside had the largest dollar impacts, about $350 per sample member. The largest percentage change in Food Stamps, relative to control group Food Stamp payments, was in Riverside: a 9.7 percent reduction. The all-county average Food Stamp impact over the three years was $222, which was statistically significant and totaled more than twice the all-county average for AFDC-FGs. This

## TABLE 6.7

## GAIN's THREE-YEAR IMPACTS ON FOOD STAMP RECEIPT BY AFDC-U REGISTRANTS

| County and Outcome | Experimentals | Controls | Difference | Percentage Change |
|---|---|---|---|---|
| **Alameda** | | | | |
| Ever received any Food Stamps (%) | | | | |
| Any quarter, years 1-3 | 97.6 | 96.9 | 0.7 | 0.7% |
| Last quarter of year 1 | 94.5 | 93.3 | 1.2 | 1.3% |
| Last quarter of year 2 | 88.7 | 90.5 | -1.8 | -2.0% |
| Last quarter of year 3 | 71.7 | 85.0 | -13.3 ** | -15.6% |
| Average value of Food Stamps ($) | | | | |
| Year 1 | 2047 | 2076 | -29 | -1.4% |
| Year 2 | 2281 | 2378 | -96 | -4.1% |
| Year 3 | 2245 | 2455 | -210 | -8.6% |
| Total (years 1-3) | 6573 | 6908 | -335 | -4.9% |
| Sample size (total=182) | | | | |
| **Butte** | | | | |
| Ever received any Food Stamps (%) | | | | |
| Any quarter, years 1-3 | 89.1 | 87.6 | 1.5 | 1.7% |
| Last quarter of year 1 | 64.6 | 68.0 | -3.4 | -5.0% |
| Last quarter of year 2 | 55.0 | 59.0 | -4.0 | -6.9% |
| Last quarter of year 3 | 51.0 | 56.3 | -5.3 | -9.4% |
| Average value of Food Stamps ($) | | | | |
| Year 1 | 1184 | 1256 | -72 | -5.7% |
| Year 2 | 1150 | 1226 | -76 | -6.2% |
| Year 3 | 1213 | 1338 | -125 | -9.4% |
| Total (years 1-3) | 3547 | 3820 | -273 | -7.2% |
| Sample size (total=1006) | | | | |
| **Los Angeles** | | | | |
| Ever received any Food Stamps (%) | | | | |
| Any quarter, years 1-3 | 94.0 | 97.0 | -3.0 *** | -3.1% |
| Last quarter of year 1 | 86.0 | 91.1 | -5.1 *** | -5.6% |
| Last quarter of year 2 | 83.0 | 84.5 | -1.5 | -1.8% |
| Last quarter of year 3 | 77.6 | 78.7 | -1.1 | -1.4% |
| Average value of Food Stamps ($) | | | | |
| Year 1 | 2017 | 2159 | -143 *** | -6.6% |
| Year 2 | 2186 | 2300 | -114 ** | -5.0% |
| Year 3 | 2307 | 2403 | -95 | -4.0% |
| Total (years 1-3) | 6510 | 6862 | -352 *** | -5.1% |
| Sample size (total=1458) | | | | |
| **Riverside** | | | | |
| Ever received any Food Stamps (%) | | | | |
| Any quarter, years 1-3 | 88.6 | 91.0 | -2.5 * | -2.7% |
| Last quarter of year 1 | 56.0 | 59.2 | -3.1 | -5.3% |
| Last quarter of year 2 | 51.6 | 50.3 | 1.2 | 2.4% |
| Last quarter of year 3 | 47.0 | 47.6 | -0.6 | -1.3% |
| Average value of Food Stamps ($) | | | | |
| Year 1 | 1125 | 1261 | -136 *** | -10.8% |
| Year 2 | 1074 | 1174 | -100 ** | -8.6% |
| Year 3 | 1139 | 1260 | -121 ** | -9.6% |
| Total (years 1-3) | 3338 | 3695 | -357 *** | -9.7% |
| Sample size (total=2323) | | | | |

(continued)

TABLE 6.7 (continued)

| County and Outcome | Experimentals | Controls | Difference | Percentage Change |
|---|---|---|---|---|
| **San Diego** | | | | |
| Ever received any Food Stamps (%) | | | | |
| Any quarter, years 1−3 | 93.9 | 92.7 | 1.2 | 1.3% |
| Last quarter of year 1 | 66.1 | 71.5 | −5.4 *** | −7.5% |
| Last quarter of year 2 | 61.3 | 62.0 | −0.7 | −1.2% |
| Last quarter of year 3 | 57.6 | 57.4 | 0.1 | 0.3% |
| Average value of Food Stamps ($) | | | | |
| Year 1 | 1297 | 1387 | −90 *** | −6.5% |
| Year 2 | 1270 | 1360 | −90 ** | −6.6% |
| Year 3 | 1399 | 1390 | 10 | 0.7% |
| Total (years 1−3) | 3966 | 4137 | −171 | −4.1% |
| Sample size (total=3272) | | | | |
| **Tulare** | | | | |
| Ever received any Food Stamps (%) | | | | |
| Any quarter, years 1−3 | 94.8 | 94.9 | −0.1 | −0.1% |
| Last quarter of year 1 | 74.8 | 72.9 | 1.9 | 2.7% |
| Last quarter of year 2 | 68.1 | 67.7 | 0.4 | 0.5% |
| Last quarter of year 3 | 64.1 | 64.4 | −0.4 | −0.6% |
| Average value of Food Stamps ($) | | | | |
| Year 1 | 1485 | 1441 | 44 | 3.1% |
| Year 2 | 1499 | 1504 | −5 | −0.3% |
| Year 3 | 1631 | 1626 | 5 | 0.3% |
| Total (years 1−3) | 4615 | 4571 | 44 | 1.0% |
| Sample size (total=1901) | | | | |
| **All counties (a)** | | | | |
| Ever received any Food Stamps (%) | | | | |
| Any quarter, years 1−3 | 92.1 | 92.6 | −0.6 | −0.6% |
| Last quarter of year 1 | 69.5 | 72.6 | −3.0 *** | −4.2% |
| Last quarter of year 2 | 63.8 | 64.7 | −0.9 | −1.5% |
| Last quarter of year 3 | 59.4 | 60.9 | −1.4 | −2.4% |
| Average value of Food Stamps ($) | | | | |
| Year 1 | 1422 | 1501 | −79 *** | −5.3% |
| Year 2 | 1436 | 1513 | −77 *** | −5.1% |
| Year 3 | 1538 | 1603 | −65 ** | −4.1% |
| Total (years 1−3) | 4395 | 4617 | −222 *** | −4.8% |
| Sample size (total=9960) | | | | |

SOURCE: MDRC calculations from county Food Stamp records.

NOTES: See Table 6.1.
(a) In the all−county averages, the results for each county, except Alameda, are weighted equally. Alameda is excluded because its AFDC−U impacts are based on a very small sample.

effect was about one-fifth of the three-year impact on AFDC payments, a higher ratio than for AFDC-FGs. The impact amounted to a 4.8 percent saving relative to the control group average, and this percentage saving was about four-fifths the percentage saving in AFDC payments.

It is not clear how long the experimental-control difference in Food Stamps will persist. Impacts in Los Angeles and San Diego that were statistically significant at the beginning of the follow-up period were no longer statistically significant, and were much smaller, by year 3. In Riverside, the dollar effects held up in year 3, but reductions in the percentage receiving Food Stamps fell over the three-year period to about zero in year 3, suggesting that dollar impacts may decline after year 3. On the other hand, dollar impacts appeared to be rising in Butte and for the small sample in Alameda.

### B. Combined Income from Earnings, AFDC Payments, and Food Stamp Payments

Table 6.8 presents impacts on earnings/AFDC/Food Stamp income and its components for the six GAIN research counties in the last quarter of follow-up (quarter 13). There was little impact on earnings/AFDC/Food Stamp income for AFDC-Us. As shown in Table 6.8, only Butte showed a positive effect: a $153 gain, not statistically significant, but amounting to a 6.4 percentage change relative to the control group average. All the other counties showed zero or slightly negative effects, none of them statistically significant. For the pooled sample of five counties (weighted equally), the average impact was only a 0.2 percent gain in earnings/AFDC/Food Stamp income (relative to controls), which was not statistically significant, either.

Table 6.8 also shows the percentage of experimentals and controls receiving income from the three sources. There was no clear pattern of effects. In Butte, there was a shift from welfare to work: from the category "AFDC without earnings" to "earnings without AFDC." In Los Angeles, however, there was an increase in the percentage of experimentals who found jobs and remained on AFDC. The decrease of 8.3 percentage points in the category "AFDC without earnings" was offset by an 8.8 percentage point increase in the category "earnings and AFDC." This suggests an increase in part-time employment, which explains why employment impacts in Los Angeles were larger than earnings impacts and why there were AFDC savings without a reduction in the percentage receiving AFDC. The measured increase in the category "earnings and AFDC" is, however, also consistent with employment at low earnings levels for some AFDC-U sample members or with a switch from AFDC-U to AFDC-FG status for their welfare cases. In Riverside, there was also an increase in the category "earnings and AFDC," which again corresponds to the finding that impacts on AFDC payments (i.e., AFDC savings) exceeded impacts on AFDC receipt (i.e., decrease in the percentage of people receiving AFDC).

## IX. The Riverside Case Management Experiment

Table 6.9 presents the results for AFDC-Us in the Riverside case management experiment. These results parallel those for the AFDC-FGs, which were discussed in Chapter 4. They show no additional impact on earnings from enhanced case management services, but a possible small initial increase in AFDC reductions, which faded over time.

Both "enhanced" and "regular" experimental group members experienced large impacts on employment in follow-up years 1 and 2, with the effect tapering off in year 3. There was virtually

## TABLE 6.8

## GAIN's IMPACTS ON TOTAL EARNINGS/ AFDC/ FOOD STAMP INCOME AND INCOME SOURCES IN THE LAST QUARTER OF YEAR 3 FOR AFDC-U REGISTRANTS

| County and Outcome | Experimentals | Controls | Difference | Percentage Change |
|---|---|---|---|---|
| **Alameda** | | | | |
| Average total value of AFDC, Food Stamps, and earnings in quarter 13 ($) | 2543 | 2793 | -250 | -9.0% |
| Income sources (%) | | | | |
| Earnings without AFDC | 7.9 | 7.5 | 0.4 | |
| Earnings and AFDC | 12.3 | 4.8 | 7.5 * | |
| AFDC without earnings | 54.8 | 74.9 | -20.1 *** | |
| No AFDC and no earnings | 25.0 | 12.8 | 12.2 ** | |
| Total | 100.0 | 100.0 | | |
| Food Stamps without AFDC or earnings | 5.8 | 2.8 | 3.0 | |
| No Food Stamps, AFDC, or earnings | 19.2 | 10.0 | 9.2 * | |
| Sample size (total=182) | 96 | 86 | | |
| **Butte** | | | | |
| Average total value of AFDC, Food Stamps, and earnings in quarter 13 ($) | 2538 | 2385 | 153 | 6.4% |
| Income sources (%) | | | | |
| Earnings without AFDC | 20.9 | 16.9 | 4.0 | |
| Earnings and AFDC | 11.3 | 10.7 | 0.6 | |
| AFDC without earnings | 36.7 | 42.0 | -5.3 | |
| No AFDC and no earnings | 31.2 | 30.4 | 0.8 | |
| Total | 100.0 | 100.0 | | |
| Food Stamps without AFDC or earnings | 2.5 | 2.0 | 0.4 | |
| No Food Stamps, AFDC, or earnings | 28.7 | 28.4 | 0.3 | |
| Sample size (total=1006) | 780 | 226 | | |
| **Los Angeles** | | | | |
| Average total value of AFDC, Food Stamps, and earnings in quarter 13 ($) | 2765 | 2758 | 7 | 0.3% |
| Income sources (%) | | | | |
| Earnings without AFDC | 5.9 | 4.7 | 1.3 | |
| Earnings and AFDC | 23.6 | 14.9 | 8.8 *** | |
| AFDC without earnings | 54.7 | 63.0 | -8.3 *** | |
| No AFDC and no earnings | 15.7 | 17.5 | -1.7 | |
| Total | 100.0 | 100.0 | | |
| Food Stamps without AFDC or earnings | 1.0 | 1.3 | -0.2 | |
| No Food Stamps, AFDC, or earnings | 14.7 | 16.2 | -1.5 | |
| Sample size (total=1458) | 735 | 723 | | |
| **Riverside** | | | | |
| Average total value of AFDC, Food Stamps, and earnings in quarter 13 ($) | 2063 | 2091 | -28 | -1.4% |
| Income sources (%) | | | | |
| Earnings without AFDC | 19.6 | 20.6 | -0.9 | |
| Earnings and AFDC | 11.5 | 7.9 | 3.6 ** | |
| AFDC without earnings | 31.1 | 33.0 | -1.9 | |
| No AFDC and no earnings | 37.8 | 38.5 | -0.7 | |
| Total | 100.0 | 100.0 | | |
| Food Stamps without AFDC or earnings | 6.0 | 6.7 | -0.7 | |
| No Food Stamps, AFDC, or earnings | 31.8 | 31.8 | -0.0 | |
| Sample size (total=2323) | 1590 | 733 | | |

(continued)

### TABLE 6.8 (continued)

| County and Outcome | Experimentals | Controls | Difference | Percentage Change |
|---|---|---|---|---|
| **San Diego** | | | | |
| Average total value of AFDC, Food Stamps, and earnings in quarter 13 ($) | 2624 | 2712 | −88 | −3.2% |
| Income sources (%) | | | | |
| Earnings without AFDC | 17.5 | 18.6 | −1.0 | |
| Earnings and AFDC | 17.1 | 15.5 | 1.6 | |
| AFDC without earnings | 39.9 | 41.7 | −1.8 | |
| No AFDC and no earnings | 25.5 | 24.3 | 1.3 | |
| Total | 100.0 | 100.0 | | |
| Food Stamps without AFDC or earnings | 1.7 | 1.9 | −0.2 | |
| No Food Stamps, AFDC, or earnings | 23.8 | 22.4 | 1.4 | |
| Sample size (total=3272) | 2427 | 845 | | |
| **Tulare** | | | | |
| Average total value of AFDC, Food Stamps, and earnings in quarter 13 ($) | 2729 | 2749 | −20 | −0.7% |
| Income sources (%) | | | | |
| Earnings without AFDC | 20.0 | 17.6 | 2.4 | |
| Earnings and AFDC | 15.2 | 15.1 | 0.1 | |
| AFDC without earnings | 45.3 | 44.8 | 0.4 | |
| No AFDC and no earnings | 19.6 | 22.5 | −3.0 | |
| Total | 100.0 | 100.0 | | |
| Food Stamps without AFDC or earnings | 2.0 | 2.9 | −0.9 | |
| No Food Stamps, AFDC, or earnings | 17.6 | 19.6 | −2.0 | |
| Sample size (total=1901) | 1319 | 582 | | |
| **All counties (a)** | | | | |
| Average total value of AFDC, Food Stamps, and earnings in quarter 13 ($) | 2544 | 2539 | 5 | 0.2% |
| Income sources (%) | | | | |
| Earnings without AFDC | 16.8 | 15.6 | 1.1 | |
| Earnings and AFDC | 15.7 | 12.8 | 2.9 *** | |
| AFDC without earnings | 41.5 | 44.9 | −3.4 *** | |
| No AFDC and no earnings | 26.0 | 26.6 | −0.7 | |
| Total | 100.0 | 100.0 | | |
| Food Stamps without AFDC or earnings | 2.7 | 3.0 | −0.3 | |
| No Food Stamps, AFDC, or earnings | 23.3 | 23.7 | −0.4 | |
| Sample size (total=9960) | 6851 | 3109 | | |

SOURCE: See Tables 6.1 and 6.7.

NOTES: See Table 6.1.
(a) In the all−county averages, the results for each county, except Alameda, are weighted equally. Alameda is excluded because its AFDC−U impacts are based on a very small sample.

## TABLE 6.9

### COMPARISON OF GAIN's THREE-YEAR IMPACTS ON EMPLOYMENT, EARNINGS, AFDC RECEIPT, AND AFDC PAYMENTS FOR AFDC-U REGISTRANTS ASSIGNED TO RIVERSIDE's "ENHANCED" AND "REGULAR" CASE MANAGEMENT GROUPS

| | Experimentals | | | Comparison A: | Comparison B: | Comparison C: |
|---|---|---|---|---|---|---|
| Outcome | Enhanced Group | Regular Group | Controls | Enhanced Group minus Control Group | Regular Group minus Control Group | Enhanced Group minus Regular Group |
| Ever employed (%) | | | | | | |
| Year 1 | 57.3 | 57.2 | 48.6 | 8.7 *** | 8.6 *** | 0.1 |
| Year 2 | 51.6 | 51.2 | 44.7 | 6.9 ** | 6.5 *** | 0.4 |
| Year 3 | 44.2 | 45.0 | 40.2 | 3.9 | 4.8 ** | -0.8 |
| Last quarter of year 3 | 32.2 | 30.8 | 28.5 | 3.7 | 2.3 | 1.4 |
| Total (years 1-3) | 71.0 | 68.6 | 61.3 | 9.6 *** | 7.2 *** | 2.4 |
| Average total earnings ($) | | | | | | |
| Year 1 | 3461 | 3761 | 2930 | 531 | 831 *** | -300 |
| Year 2 | 4019 | 4044 | 3628 | 392 | 417 | -25 |
| Year 3 | 3346 | 3954 | 3477 | -131 | 476 | -608 |
| Last quarter of year 3 | 771 | 941 | 875 | -104 | 66 | -170 |
| Total (years 1-3) | 10827 | 11759 | 10035 | 792 | 1724 ** | -932 |
| Ever received any AFDC payments (%) | | | | | | |
| Last quarter of year 1 | 49.5 | 51.6 | 56.9 | -7.3 ** | -5.3 ** | -2.0 |
| Last quarter of year 2 | 48.5 | 46.4 | 49.5 | -1.0 | -3.1 | 2.1 |
| Last quarter of year 3 | 44.7 | 41.9 | 40.9 | 3.8 | 1.0 | 2.8 |
| Average total AFDC payments received ($) | | | | | | |
| Year 1 | 4678 | 4889 | 5806 | -1128 *** | -918 *** | -211 |
| Year 2 | 3797 | 3921 | 4640 | -843 *** | -719 *** | -124 |
| Year 3 | 3579 | 3625 | 3964 | -385 | -339 | -46 |
| Last quarter of year 3 | 875 | 860 | 891 | -16 | -30 | 14 |
| Total (years 1-3) | 12055 | 12435 | 14410 | -2356 *** | -1976 *** | -380 |
| Sample size (total=2323) | 370 | 1220 | 733 | | | |

SOURCE: See Table 6.1.

NOTES: See Table 6.1.

A two-tailed t-test was applied to differences in impacts between the enhanced and regular experimental groups. Statistical significance levels are indicated as: xxx=1 percent; xx=5 percent; x=10 percent.

no difference in employment impacts between the two experimental groups at any point. Also, the enhanced case management group did not show larger earnings impacts. In fact, the dollar amount of the three-year impact was larger for the experimental group that received regular case management services, although the difference between the two experimental groups was not statistically significant.

Both experimental groups showed impacts on the percentage receiving AFDC and on AFDC payments in year 1. The effects were somewhat larger for the enhanced case management group, but the differences were not statistically significant, and they narrowed in year 2 and almost entirely disappeared by year 3. The cumulative three-year AFDC impact for the enhanced case management group was about 20 percent larger than for the regular case management group, but that difference was not statistically significant.

The explanation for the absence of additional impacts from reduced caseloads that was suggested for AFDC-FGs applies to AFDC-Us as well: The Riverside sample was less likely to stay on AFDC a longer time than samples in other counties. AFDC-U controls in Riverside had a much lower percentage on AFDC at the end of year 3 than controls in any other county (see Table 6.1). The additional case management services for the enhanced case management group in Riverside may have gone to sample members who would have been off AFDC in the short run even without GAIN. It is possible that extra staff attention might increase impacts if it could be targeted to program registrants who are likely to still be on AFDC and unemployed after having received the standard level of case management services.

# CHAPTER 7

## BENEFIT-COST ANALYSIS

This chapter provides a comprehensive benefit-cost analysis of the GAIN program in the six counties studied. Drawing on the analysis of net costs presented in Chapter 3 and the analysis of GAIN's impacts presented in Chapters 4 and 6, it provides an overall accounting of the financial gains and losses produced by the program from the perspectives of GAIN sample members, government budgets, taxpayers, and society as a whole. The analysis of benefits, like the study of impacts, includes experimental-control differences in the value of earnings, AFDC, and Food Stamps. However, the analysis goes beyond these basic impact measures to consider GAIN's effects on fringe benefits from employment, the value of output produced in unpaid work experience jobs, taxes, Unemployment Insurance (UI) benefits, Medi-Cal (California's Medicaid program), and the cost of administering transfer programs. Cost estimates include the *net* costs of providing GAIN and non-GAIN employment-related services to experimentals. As in Chapter 3, net costs were estimated by subtracting the average value of resources used by controls from the corresponding average for experimentals. The chapter presents separate benefit-cost estimates for each county as well as a single estimate for the program as a whole.

The chapter begins by describing the scope of the analysis and the framework used. The next sections examine GAIN's effects on earnings, fringe benefits, taxes, and transfer payments for the full AFDC-FG sample. These effects are then added together to produce a single measure of GAIN's benefit-cost results for each of the perspectives listed above. The chapter concludes with a brief discussion of the results for the two basic education subgroups within the AFDC-FG sample and for the AFDC-U sample.

### I. Analytical Approach

This assessment uses an analytical approach similar to that used in MDRC's previous evaluations of welfare-to-work employment programs,[1] although it introduces additional distinctions because of the complexity of the GAIN program. The analysis places dollar values on the program's effects and its use of resources. It includes both measured effects on earnings, AFDC payments, Food Stamps, and Unemployment Insurance benefits and imputed effects on fringe benefits, state and federal taxes, Medi-Cal payments, and the costs of administering transfer programs. The analysis uses earnings and transfer payment records in combination with transfer payment eligibility rules, tax regulations, published data from state and federal agencies, and other sources to calculate imputed values.

The primary benefit-cost estimates presented in this chapter cover a five-year time horizon starting with the first quarter after the quarter of random assignment (quarter 2), a time frame similar to the one used in most previous MDRC evaluations of welfare-to-work programs.[2] It should be noted, however, that five years may not be long enough to capture the total effects of GAIN. In several counties, experimentals continued to show earnings gains and welfare savings at the end of the three-year follow-up – as did members of the early cohort at the end of year 4. Therefore, it is reasonable to expect that benefits will accrue beyond five years. In fact, in some counties and for some measures, GAIN's effects may grow larger over time. Further, it may be particularly useful to estimate GAIN's effects over a longer time frame in counties that made heavy upfront investments in basic education, such as Alameda and Tulare, or, in the case of Tulare, where earnings gains first appeared late in the follow-up. The chapter addresses this issue by briefly considering GAIN's benefits and costs over a 10-year time frame (see Section IV). However, these estimates are much more tentative than the five-year results and should be treated only as reasonable guesses about the course of future effects.

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[1] Many of the techniques were developed for the evaluations of state programs in MDRC's Demonstration of State Work/Welfare Initiatives. See Long and Knox, 1985, for additional information.

The five-year time horizon includes an *observation period* and a *projection period*. The *observation period* for each sample member encompassed the portion of follow-up when benefits were estimated (or imputed) directly from "observed" – i.e., recorded – earnings and transfer payments data. It extended from quarter 2 through the last month of available data (June 1993) and covered three to five years, depending on the sample member's date of random assignment. (It should be noted that 54 percent of AFDC-FGs and 58 percent of AFDC-Us had at least four years of follow-up in the observation period.) Gains and losses observed at the end of this period were then *projected* to the end of year 5, using several assumptions about the size of future effects. This *projection period* ranges from zero to two years, although, as suggested above, most sample members have only a year or less of projected data. In general, benefit-cost estimates based primarily on observed data, such as the ones presented in this chapter, are more reliable (i.e., less affected by assumptions) than estimates involving a longer projection period.

The main findings of the analysis are expressed in terms of *net present values per experimental sample member*. "Net" means that the amounts represent differences between experimentals and controls, just as impacts do. "Present value" is an accounting method for estimating the worth today of dollar effects that occur in the future.

In a welfare-to-work program such as GAIN, most costs are incurred early on, particularly in the first two years, when service use is heaviest, while many benefits (e.g., earnings gains and welfare savings) are realized in later years. However, simply comparing the nominal dollar value of program costs and benefits would be problematic. The value of a dollar is greater in the present than in the future: a dollar available today (either to experimentals or to the government) can be invested and produce income over time, making it worth more than a dollar available in the future. Thus, to make a fair comparison between costs and benefits, it is essential to focus on their value at a common point in time – i.e., in the present.

The benefit-cost analysis addresses this issue by discounting, i.e., by adjusting the value of benefits accruing after the program "investment period" to reflect their lower value in terms of *the time*

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[2] The five-year time frame was originally chosen for estimating the costs and effects of short-term, job-search-oriented programs, where effects were expected to occur quickly and then decrease over time.

*when program costs were incurred*. In effect, an estimated amount of interest income foregone must be subtracted from the nominal value of the benefits occurring after the investment period.[3]

This report uses the end of quarter 5 as the comparison point for the investment period, since it is about mid-way in the period in which most program costs were incurred. (See Chapter 3.) Thus, gains accrued later were discounted to reflect their value at the end of quarter 5. In calculating these discounted values, it was assumed that a dollar invested at the end of quarter 5 would earn a real rate of return of 5 percent annually.[4] Furthermore, all benefits and costs are expressed in 1993 dollars, eliminating the effects of inflation.

Once estimated, particular net benefits and net costs will constitute gains or losses, or be irrelevant, depending on which of the analytical perspectives – the welfare sample, the government budget, taxpayers, or society – is considered.[5] The *welfare sample perspective* identifies net gains or losses for members of the experimental group, indicating how they fared as a result of the program.[6] As illustrated by the in-text box that follows shortly, earnings impacts represent gains for the welfare sample, while reductions in AFDC (and other transfers) represent losses.[7] Higher taxes paid by experimentals compared to controls also constitute losses to the welfare sample. In essence, a program produces a net gain from the standpoint of the welfare sample if experimentals' earnings gains exceed the value of reductions in transfer payments and higher taxes.[8] The net costs of providing employment-related services to experimentals have no direct effect on their income and are not considered as net gains or losses from the perspective of the welfare sample. Similarly, any budgetary savings in administering transfer programs have no direct effect on the welfare sample.

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[3] Put differently, a benefit occurring at time 2 has the same value as a smaller benefit occurring at time 1 *plus interest*; thus, subtracting the interest income from the time 2 benefit yields its value at time 1.

[4] For example, if a welfare-to-work program increased revenues to the government budget by an average of $1,221 per experimental in the last quarter of year 5, its net present value would be $1,000 from the standpoint of the investment period. That is because $1,000 invested at the end of quarter 5 at a 5 percent annual rate of interest (compounded continuously) equals $1,221 at the end of year 5.

[5] See Friedlander and Gueron, 1991, and Friedlander and Hamilton, 1993, for other examples of these analyses.

[6] It is important to note that the analysis does not take into consideration any effect GAIN may have had on any "under the table" earnings of experimentals. It also does not distinguish (or make any value judgments about) reductions in AFDC payments resulting from sanctions for noncompliance versus reductions owing to increased earnings or to case closures without earnings or sanctions; it counts *all* reductions in AFDC payments as losses to the welfare sample and savings for government budgets.

[7] In this analysis, net increases in support service payments to experimentals are *not* considered to be gains from the perspective of the welfare sample. These payments for child care, transportation, and ancillary expenses simply offset additional costs to experimentals resulting from GAIN's participation requirements. However, the analysis does include these payments as costs incurred from the government budget and taxpayer perspectives.

[8] It follows that one program may produce higher earnings gains than another, but that the second may still show more positive benefit-cost results from the standpoint of the welfare sample. This result will occur if the second program produces smaller welfare reductions and increases in tax payments than the first. See, e.g., the comparison of earnings gains and AFDC reductions recorded by the San Diego SWIM and Baltimore Options programs in Friedlander and Gueron, 1991, pp. 24-33. Put differently, a program produces a net gain from the standpoint of the welfare sample if experimentals' total estimated income (the sum of earnings and transfer payments, plus the Earned Income Tax Credit, minus taxes) exceeds that of controls.

The *government budget perspective* identifies net gains and losses incurred by federal, state, and local governments combined. Net gains to the government budget occur through savings in transfer payments and their related administrative costs and through higher taxes paid by experimentals compared to controls. The government budget comes out ahead to the extent that tax increases (resulting from earnings gains) and savings in transfer payments and administrative costs exceed the net cost of providing employment-related services to experimentals. In and of themselves, experimentals' earnings gains do not affect the calculations of net gains or losses from the standpoint of the government budget.

The *taxpayer perspective* identifies benefits and costs from the standpoint of everyone in society other than individuals in the AFDC sample.[9] Estimates of net gains and losses from the taxpayer perspective closely resemble those of the government budget perspective. The two perspectives differ only in the treatment of Social Security and Medicare taxes and net gains from output that experimentals produce in unpaid work experience (PREP) assignments.[10] Specifically, the government budget gains from both the welfare sample's and their employers' contributions to the two payroll taxes (i.e., Social Security and Medicare), while taxpayers (who include employers) gain only from employee contributions. Also, only taxpayers gain from experimentals' output from unpaid work experience jobs. However, this effect was extremely small in GAIN because few experimentals participated in PREP and some controls also worked at unpaid work experience jobs in other programs.

It should be noted that this analysis assumes that no displacement occurred as a result of employment gains by experimentals. Rather, because displacement could not be measured, it assumes that employment gains for experimentals represented an increase in the total level of employment and the value of output in each research county. Alternatively, one could assume that at least a portion of experimentals' employment gains (and earnings increases) occurred because experimentals took jobs that would have gone to other members of society, leaving those individuals unemployed and possibly causing some of them to use government transfer programs. To the extent that this occurred, it would reduce the program's overall return for government budgets and taxpayers.

As suggested by the above discussion, the results from the perspectives of the welfare sample, taxpayers, and the government budget may be complementary, or they may conflict. One group's gains may appear as another group's losses. The accompanying box helps to illustrate this point. Here, a reduction in AFDC use would translate into a loss for the welfare sample and a corresponding gain for the government budget and taxpayers. However, an increase in earnings would reflect a gain to the welfare sample, but not to the government budget – although any taxes paid on those earnings would be a gain for the government budget. The net cost of employment-related services (e.g., education and training), in contrast, would be a loss to the government budget while leaving the welfare sample unaffected.

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[9] The term *taxpayer* is used for convenience and for the sake of consistency between this analysis and previous benefit-cost analyses. It should be noted that all members of the experimental group pay sales taxes and that many pay income and Social Security taxes as well.

[10] Because no wages or fringe benefits were provided in the PREP positions, the full value of that output went to the public (and nonprofit) agencies that employed GAIN participants, and thus to taxpayers as well; at the same time, this output is neither a gain nor a loss from the perspective of the government budget or the welfare sample.

| Effect | Welfare Sample Perspective | Government Budget and Taxpayer Perspectives | Societal Perspective |
|---|---|---|---|
| Increase in earnings | + | 0 | + |
| Increase in income tax payments | − | + | 0 |
| Reduction in AFDC payments | − | + | 0 |
| Net cost of employment-related services | 0 | − | − |

A welfare-to-work program might also produce net gains from the welfare sample, government budget, *and* taxpayer perspectives simultaneously, or net losses from all three perspectives.[11] When the results are mixed (i.e., positive from some perspectives but not from others), an overall assessment of the program's merits depends upon one's willingness to value one perspective more highly than the others. Some will consider a program that increases the income of welfare recipients to be successful, even if taxpayers and the government budget realize some net loss. Others may judge a program as successful only if it produces budgetary savings.

The final perspective, *the perspective of society as a whole*, combines the perspectives of the welfare sample and taxpayers (and the government budget). For a given component in the analysis, a net gain to society occurs only when a gain to one group is not at the expense of another group. For example, earnings gains for experimentals represent a gain to the welfare sample without affecting taxpayers; thus, they are counted as a net gain to society. Net losses to society occur when what is a loss from one perspective is not a benefit from another. For example, the net costs of services represent a loss to the taxpayers and government budget but do not affect welfare recipients. Program effects that constitute a net gain from one perspective but a net loss from another (such as AFDC savings) have no financial consequences from the social perspective – these effects, which represent a *transfer* from one group in society to another, simply cancel each other out. Thus, from the standpoint of society, a welfare-to-work program such as GAIN would be judged successful in benefit-cost terms if it produced earnings gains for the welfare sample (these do not affect the government budget or taxpayers) and savings in transfer payment administrative costs (these do not affect welfare recipients) that together exceed the net cost of services.[12] It should be noted that, when adopting the social perspective, one assumes that the "value," or importance, of a dollar lost by one group is equivalent to that of a dollar gained by another group, which may or may not be a valid assumption.

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[11] A welfare-to-work program will produce net gains from all three perspectives when earnings gains exceed the reductions in transfer payments and increases in taxes (a net gain from the perspective of the welfare sample), *and* the reductions in transfer payments and administrative costs, combined with increased tax revenues, exceed the net cost of providing employment-related services (a net gain from the perspectives of taxpayers and the government budget). It is also possible for a program to produce net losses from all three perspectives (e.g., when welfare savings plus tax increases exceed earnings gains, but net costs are higher still).

Some limits on the comprehensiveness of the benefit-cost analysis should also be recognized. In particular, the estimates below do not take into account possible displacement of other workers by any increased employment of experimentals or the clear but difficult-to-monetize benefits associated with society's preference for work over welfare. As is typical in benefit-cost analyses, certain effects cannot be quantified, and long-run effects cannot be gauged precisely.

## II. Program Effects (Benefits) for the Full Sample of AFDC-FGs

### A. Earnings

Chapter 4 showed that the GAIN program led to increased work and earnings by AFDC-FG experimentals (compared to the control group) during a three-year follow-up period. The earnings impacts ranged from small in Los Angeles to large in Riverside. Table 7.1 presents the net present value of earnings gains over the entire observation period, which, as discussed above, included at least a year of additional follow-up (beyond year 3) for most of the sample.[13] As the table shows, the earnings gain was $2,161 per experimental (in 1993 dollars) for all six counties combined, ranging from $388 in Los Angeles to $4,317 in Riverside.[14]

Fringe benefits – in the form of employer-paid health and life insurance, pension contributions, and worker's compensation associated with these earnings – were part of sample members' total compensation from working, and are included in the analysis. Using published data, these were estimated at the rate of 14.8 percent of wages.[15] Thus, for all six counties combined, the average

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[12] Society also benefits from increased output from employees in unpaid work experience jobs.

[13] Tables 7.1 through 7.4, like the cost and impact tables, show experimental-control differences as positive when the mean value for experimentals exceeds the mean value for controls and as negative when the control mean is higher. Tables 7.5 through 7.10, which incorporate the four analytical perspectives, use a different format for displaying benefit-cost results. In these tables, an effect has a positive value if it represents a net gain from the perspective in question and a negative value if it represents a net loss. Therefore, the same effect will appear positive in some tables and negative in others.

[14] Earnings gains and reductions in AFDC and Food Stamps are discounted and expressed in 1993 dollars. Although not shown in any table, experimental-control differences in these measures differ from the value of impacts displayed in earlier chapters, even for the three-year follow-up, because of these transformations.

[15] U.S. Bureau of the Census, 1993, p. 430. The estimated value of fringe benefits was calculated as a ratio of the combined costs of employer-provided life and health insurance, retirement and pension accounts, and worker's compensation to the combined costs of regular wages, paid leave (e.g., vacation and sick days) and other benefits, which include severance pay, and supplemental (employer-provided) unemployment benefits. (Payments for leave time are captured directly by the earnings data and thus are not counted as a fringe benefit in this analysis.) The numerator in this ratio represented 12.0 percent of employer costs in 1992, while the denominator represented 81.1 percent. Dividing the second term into the first yields the fringe benefit rate of 14.8 percent used in this analysis. Legally mandated employer contributions for Social Security and Medicare were treated as taxes and were included later in the analysis.

## TABLE 7.1

## ESTIMATED EXPERIMENTAL–CONTROL DIFFERENCES IN EARNINGS, FRINGE BENEFITS, AND PERSONAL TAXES PER AFDC–FG EXPERIMENTAL FOR THE OBSERVATION PERIOD (IN 1993 DOLLARS)

| Component of Analysis | Alameda | Butte | Los Angeles | Riverside | San Diego | Tulare | All Counties |
|---|---|---|---|---|---|---|---|
| Earnings | 1863 | 2948 | 388 | 4317 | 2656 | 794 | 2161 |
| Fringe benefits (a) | 276 | 436 | 57 | 639 | 393 | 117 | 320 |
| Total earnings and fringe benefits | 2139 | 3385 | 446 | 4956 | 3049 | 911 | 2481 |
| Personal taxes | | | | | | | |
| Social Security payroll tax (b) | 142 | 226 | 30 | 330 | 201 | 62 | 165 |
| Federal income tax | 35 | 114 | −45 | −98 | 47 | −0 | 9 |
| State income tax | 22 | 29 | −9 | 13 | 24 | −1 | 13 |
| State sales and excise tax | 19 | 30 | −16 | 36 | 25 | 16 | 18 |
| Total taxes | 217 | 398 | −40 | 282 | 296 | 77 | 205 |
| Sample size | 1205 | 1229 | 4396 | 5508 | 8219 | 2234 | 22791 |

SOURCE: MDRC calculations from the State of California Unemployment Insurance (UI) earnings and benefits records, and from published data on tax rates and employee fringe benefits. The end of the observation period was June 1993 for all outcome measures.

NOTES: Estimates reflect discounting and adjustment for inflation.
Differences are regression–adjusted using ordinary least squares, controlling for pre–random assignment characteristics of sample members.
Tests of statistical significance were not performed.
Rounding may cause slight discrepancies in calculating sums and differences.
In the all–county averages, the results for each county are weighted equally.
(a) These include employer–paid health and life insurance, pension contributions, and workers' compensation.
(b) Employee portion only.

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increase of $2,161 per experimental plus an additional $320 in fringe benefits yielded an average increase in total work-related compensation of $2,481 per experimental during the observation period.

### B. Tax Payments

Since GAIN produced an increase in earnings, there were corresponding effects on federal and state income taxes, payroll taxes, and state sales and excise taxes. Tax rates and rules for 1991, including the Earned Income Tax Credit (EITC),[16] were applied to an appropriate income base to impute taxes from earnings and other income.[17] The estimated increases in taxes paid by experimentals during the observation period are shown in Table 7.1. Total taxes increased by $205 per experimental for the six counties combined. Social Security and Medicare payroll taxes accounted for most of the tax increase. Employers pay an "employer's share" of these payroll taxes, which matches the rate paid by their employees. Therefore, the same increase in these payments by employers ($165 per experimental for the six counties) was estimated for the analysis (but is not included in Table 7.1).[18] Interestingly, GAIN had practically no effect on the level of federal income taxes paid by experimentals despite their earnings gains. That is because many experimentals and controls owed no federal income taxes once the value of standard deductions and exemptions was subtracted from their taxable income. Experimentals also received larger EITC tax subsidies than controls, which further offset potential tax increases.[19]

### C. Transfer Payments

As described in Chapter 4, GAIN produced relatively large savings in AFDC and much smaller savings in Food Stamps during the common three-year follow-up. The benefit-cost analysis estimates the effects of GAIN on these two transfer payments over five years and also considers its effects on Unemployment Insurance benefits, Medi-Cal payments, and the costs of administering these four transfer programs. This section discusses benefit-cost results during the observation period. As before, experimental-control differences are expressed in 1993 dollars and discounted to the end of quarter 5 to reflect a forgone opportunity to invest.

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[16] The Earned Income Tax Credit (EITC) is a credit against federal income taxes for taxpayers with annual earnings below a threshold level. As with other tax credits, each dollar of EITC reduces by a dollar the taxes owed. Eligible persons can receive EITC as a payment from the government if they owe no federal income taxes. Schedule Z EITC rates for 1991 were used in this analysis. For 1991, only taxpayers with dependent children and whose earnings ranged from $1 to $21,250 were eligible for EITC. Taxpayers who had two or more children and who earned between $7,140 and $11,250 received the maximum value of EITC, $1,235; those with only one child received up to $1,192. Taxpayers earning between $11,250 and $21,250 received a progressively lower value of EITC. Not all eligible taxpayers receive EITC. The EITC "take-up" rate was set at 70 percent based on findings from Scholz, 1994, and subsequent conversations with the author. The rate was applied to all sample members. That is, each sample member's earnings were used to calculate the value of EITC that she would have received; that amount was then multiplied by .7.

[17] Total earnings were used in computing federal and state income taxes for every sample member. Unemployment Insurance compensation was included in the base amount used in calculating federal but not state income taxes (since those benefits are not counted as taxable income under California income tax rules). The combined income from earnings, AFDC payments, and Unemployment Insurance compensation was used in calculating sales and excise taxes.

The estimation of federal and state taxes used 1991 tax rates, exemption amounts, and Earned Income Tax Credit rules, since that year was about midway in the 1988-1993 period of data collection for the earnings and AFDC data analyzed in this report (see Table 1.1).

[18] Employer contributions do figure in the benefit-cost results from the perspective of the government budget. See Table 7.6.

[19] GAIN increased the amount of money received through the EITC by an estimated $118 per experimental for all six counties combined. The range was from $35 in Los Angeles to $266 in Riverside.

As shown in Table 7.2, the GAIN program realized savings in AFDC in all counties except Tulare during the observation period. AFDC savings averaged $1,264 in the six counties combined and ranged from $946 in Alameda to $2,557 in Riverside, while Tulare produced a small net increase ($42) to experimentals. Observed savings in Food Stamps averaged $131 across the six counties. As shown in Chapter 4, four counties realized savings – here, ranging from $182 in San Diego to $316 in Los Angeles. Compared to controls, experimentals averaged slightly higher levels of Food Stamp receipt in Alameda and Tulare.

Differences in unemployment compensation were measured using Unemployment Insurance records data. The overall experimental-control difference reported in Table 7.2 indicates that these payments increased by a small amount ($17 per experimental for the six counties during the observation period). Experimental-control differences in average Medi-Cal payments were imputed on the basis of observed differences in AFDC receipt and earnings, rules governing Medi-Cal eligibility, and published data on average Medi-Cal payments made to all eligible individuals. An individual on AFDC is automatically entitled to receive Medi-Cal and, under certain circumstances, is eligible to receive Transitional Medi-Cal for 12 months after leaving the AFDC rolls for employment.[20]

The analysis estimates experimental-control differences for AFDC-related and Transitional Medi-Cal and then combines these effects into a single estimate of Medi-Cal savings. Imputing the value of Medi-Cal payments for AFDC recipients involves several steps. First, one estimates the average value of Medi-Cal dollars paid on behalf of the sample member's AFDC case during a typical month of Medicaid eligibility. This average is calculated by multiplying the average Medi-Cal monthly payment for a single adult or child on AFDC by the number of adults and children on the sample member's case (as recorded at orientation). (The analysis used county-specific averages, which ranged from $59.40 in Tulare to $73.71 in Los Angeles during 1992.)[21] This average is then multiplied by the total number of months of AFDC receipt for each sample member, resulting in an estimate of total Medi-Cal expenditures for the observation period. Finally, the experimental-control difference in total payments is calculated. A similar strategy was used to estimate GAIN's effects on Transitional Medi-Cal payments.[22]

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[20] Estimates of the value of Transitional Medi-Cal for the entire follow-up are based on eligibility rules in effect since April 1990. Former AFDC recipients and their families can receive up to 12 months of Transitional Medi-Cal if they lose AFDC eligibility because of increased earnings, increased hours of employment, or loss of earnings disregards.

[21] These averages were calculated from data in California Department of Health Services, *California's Medical Assistance Program. Annual Statistical Report, Calendar Year 1992,* Tables 21 and 23.

[22] Among the rules for determining eligibility for Transitional Medi-Cal is the basic requirement that a person receive earnings high enough to terminate her AFDC eligibility. (At the same time, a person would not be eligible for Transitional Medi-Cal if her gross monthly earnings less necessary child care costs (continued...)

## TABLE 7.2

## ESTIMATED EXPERIMENTAL-CONTROL DIFFERENCES IN TRANSFER PAYMENTS AND ADMINISTRATIVE COSTS PER AFDC-FG EXPERIMENTAL FOR THE OBSERVATION PERIOD (IN 1993 DOLLARS)

| Type of Payment or Cost | Alameda | Butte | Los Angeles | Riverside | San Diego | Tulare | All Counties |
|---|---|---|---|---|---|---|---|
| Transfer payments | | | | | | | |
| AFDC | -946 | -1459 | -1213 | -2557 | -1454 | 42 | -1264 |
| UI compensation | 15 | -6 | 19 | 58 | 49 | -36 | 17 |
| Food Stamps | 58 | -183 | -316 | -277 | -182 | 112 | -131 |
| Medi-Cal (while on AFDC) | -307 | -243 | -246 | -493 | -325 | 66 | -258 |
| Transitional Medi-Cal | 12 | 72 | 6 | 51 | 26 | -5 | 27 |
| Total | -1168 | -1818 | -1750 | -3217 | -1886 | 180 | -1610 |
| Administrative costs | | | | | | | |
| AFDC | -79 | -123 | -102 | -215 | -122 | 4 | -106 |
| UI compensation | 2 | -1 | 2 | 6 | 6 | -4 | 2 |
| Food Stamps | 8 | -25 | -44 | -38 | -25 | 16 | -18 |
| Medi-Cal (while on AFDC) | -21 | -17 | -17 | -34 | -22 | 5 | -18 |
| Transitional Medi-Cal | 1 | 5 | 0 | 4 | 2 | -0 | 2 |
| Total | -90 | -160 | -160 | -277 | -163 | 19 | -139 |
| Sample size | 1205 | 1229 | 4396 | 5508 | 8219 | 2234 | 22791 |

SOURCE: MDRC calculations from AFDC and Food Stamps payments records, the State of California Unemployment Insurance (UI) earnings and benefits records, and published data on transfer payments and administrative costs. The end of the observation period was June 1993 for all outcome measures.

NOTES: Estimates reflect discounting and adjustment for inflation.
Differences are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.
Tests of statistical significance were not performed.
Rounding may cause slight discrepancies in calculating sums and differences.
In the all-county averages, the results for each county are weighted equally.

As indicated in Table 7.2, the program achieved overall savings in Medi-Cal (regular and Transitional) of $231 for the six counties combined. All counties except Tulare spent fewer Medi-Cal dollars on experimentals during the observation period, with savings in the five counties ranging from $171 in Butte to $442 in Riverside. As expected, experimentals received somewhat higher levels of Transitional Medi-Cal on average, reflecting their gains in earnings as well as decreases in their AFDC receipt.

Combining average savings in AFDC, Food Stamps, and Medi-Cal with the small increase in average Unemployment Insurance benefits yielded an average savings in transfer payments of $1,610 for the six counties. Individual county averages ranged from a net *increase* of $180 in Tulare to a savings of $3,217 in Riverside. The other four counties achieved savings in transfer payments of more than $1,000 per experimental. These savings, in turn, decreased the costs of administering transfer payments by an average of $139 per experimental. GAIN's effects on transfer program administrative expenditures were estimated based on differences in use of the transfers and on information about state and federal program costs.[23] (See Table 7.2.)

## D. Future Effects

Thus far, only program effects during the observation period have been considered. However, as discussed above, these effects almost certainly will last beyond this period, an expectation that should be taken into account in the analysis. Effects are consequently projected for each sample member beyond what was actually observed, so that the measured and projected effects together cover five years from the first quarter of the follow-up period (quarter 2). As discussed above, most sample members have only a year or less of projected data, but the last cohort to enter the research has two years.[24]

Projecting program effects entails calculating a base period estimate and then making an assumption about how it will change in the future. This evaluation used data from each sample member's last four quarters of available follow-up to estimate GAIN's base period effects. Assumptions then had to be made about the future effect of the program through the end of the five-year period. The main assumption for this analysis was simply that GAIN's impacts on *earnings* will neither increase nor decrease during the projection period. This is a reasonable assumption, first, because it is the pattern suggested by the early cohort analysis presented in Chapter 4: In all counties,

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[22](...continued)
exceeded 185 percent of the federal poverty level. However, this requirement was not considered in the analysis because most sample members earned less than that amount.) Because only quarterly earnings were available for the analysis, it was assumed that a sample member had met the earnings requirement in all three months of a calendar quarter if her earnings were at least three times the minimum level that, in a single month, would close her AFDC case.

[23] Combined federal, state, and local administrative costs for each of the four transfer payments were estimated as a percentage of the value of the payments, i.e., by dividing total administrative costs by total payments. The estimated percentages were 8.4 (AFDC), 13.9 (Food Stamps), 11.2 (Unemployment Insurance benefits), and 6.92 (Medi-Cal). Data for calculating these measures were obtained from tables in U.S. Department of Health and Human Services, 1994, and U.S. Congress, House Committee on Way and Means, 1993, and communications with administrators in the U.S. Department of Labor, California Regional Office.

[24] Sample members randomly assigned prior to July 1988 had observed data through quarter 21.

the early cohort had quite similar or growing impacts on earnings in the quarters following the three-year common follow-up period (see Figure 4.2). Furthermore, some earlier studies of employment programs for welfare recipients have documented such a pattern and, in some cases, have indicated that program effects can actually increase over time.[25]

However, for AFDC payments, the analysis assumed that GAIN's impacts *will* decline in the future by about 15 percent per year. This, too, was based on the patterns observed for early cohorts in each county, as discussed in Chapter 4. For other outcomes, either no decay (i.e., diminution of impacts) or a 15 percent decay rate was assumed, depending on whether the type of outcome is related more to earnings or to AFDC payments. Thus, for Unemployment Insurance benefits and taxes, an assumption of zero decay was made, while for Food Stamps and Medi-Cal, a 15 percent decay rate was applied.

The resulting estimates are presented in Table 7.3. The values of all program effects – both observed and projected – have been discounted at a 5 percent real annual rate and adjusted for inflation to reflect 1993 dollars. For all six counties combined, the projected effects, compared to the observed effects, represent a much smaller share of the five-year effects (e.g., about one-quarter for earnings). However, projected earnings gains exert a bigger influence on the five-year totals in Alameda and Tulare, primarily because earnings gains in these counties showed up late in the observation period. Moreover, sample members in these counties averaged fewer quarters of observed data.

The projected effects do, of course, add some uncertainty to the overall five-year estimates. However, as Table 7.4 shows, making even more extreme assumptions about decay rates (e.g., up to 40 percent per year) would not change the five-year estimates by very much. Consequently, which assumption is used would also not have much effect on the other outcomes (e.g., taxes and Medi-Cal) that are linked to these measures.

## III. Comparing Benefits and Costs for the Full AFDC-FG Sample

Tables 7.5, 7.6, and 7.7 and Figure 7.1 summarize GAIN's monetary effects from the welfare sample and government budget perspectives. The analysis defines experimental-control differences as gains (indicated by positive values) and losses (indicated by negative values). Results are then added together to produce an estimate of net present value of the GAIN program from the perspective in question. As indicated earlier, all estimates for society as a whole constitute the sum of the results for the welfare sample and taxpayer perspectives (the latter includes the government budget perspective). All results cover a five-year period, are discounted and expressed in 1993 dollars, and reflect the assumption of no decay for earnings-related impacts and a 15 percent per year decay rate for AFDC-related impacts during the projection period.

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[25] For examples, see the evaluation of the National Supported Work Demonstration (Masters and Maynard, 1981); the evaluation of a WIN job search program in Louisville, Kentucky (Wolfhagen, 1983); the evaluation of longer-term impacts of Options, a welfare employment program in Baltimore, Maryland (Friedlander, 1987); and the evaluation of longer-term impacts of the Arkansas WORK Program (Friedlander and Goldman, 1988).

## TABLE 7.3

## GAIN's ESTIMATED EFFECTS ON BENEFIT VARIABLES DURING THE OBSERVATION PERIOD, PROJECTION PERIOD, AND WITHIN FIVE YEARS AFTER ORIENTATION, PER AFDC-FG EXPERIMENTAL (IN 1993 DOLLARS)

| | | Projection Period | | |
|---|---|---|---|---|
| County and Benefit Variable | Observation Period (a) | Projection Base (b) | Projected Amount | 5-Year Total (Observed+Projected) |
| **Alameda** | | | | |
| Earnings | 1863 | 195 | 990 | 2853 |
| Fringe benefits | 276 | 29 | 147 | 422 |
| Payroll taxes | | | | |
| Employee portion | 142 | 15 | 75 | 217 |
| Employer portion | 142 | 15 | 75 | 217 |
| Income and sales taxes | 76 | 15 | 72 | 148 |
| AFDC payments | -946 | -105 | -504 | -1450 |
| Food Stamps | 58 | 2 | -2 | 56 |
| UI compensation | 15 | 4 | 25 | 40 |
| Total Medi-Cal | -295 | -36 | -172 | -467 |
| Transfer program administration | -90 | -11 | -52 | -142 |
| **Butte** | | | | |
| Earnings | 2948 | 270 | 620 | 3568 |
| Fringe benefits | 436 | 40 | 92 | 528 |
| Payroll taxes | | | | |
| Employee portion | 226 | 21 | 47 | 273 |
| Employer portion | 226 | 21 | 47 | 273 |
| Income and sales taxes | 172 | 40 | 87 | 260 |
| AFDC payments | -1459 | -84 | -148 | -1607 |
| Food Stamps | -183 | -15 | -9 | -192 |
| UI compensation | -6 | 6 | 18 | 12 |
| Total Medi-Cal | -171 | -23 | -21 | -192 |
| Transfer program administration | -160 | -10 | -13 | -174 |
| **Los Angeles** | | | | |
| Earnings | 388 | 31 | 91 | 479 |
| Fringe benefits | 57 | 5 | 13 | 71 |
| Payroll taxes | | | | |
| Employee portion | 30 | 2 | 7 | 37 |
| Employer portion | 30 | 2 | 7 | 37 |
| Income and sales taxes | -70 | -1 | -11 | -81 |
| AFDC payments | -1213 | -64 | -239 | -1452 |
| Food Stamps | -316 | -26 | -105 | -421 |
| UI compensation | 19 | 0 | -3 | 16 |
| Total Medi-Cal | -240 | -17 | -58 | -298 |
| Transfer program administration | -160 | -10 | -39 | -199 |

(continued)

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## TABLE 7.3 (continued)

|  |  | Projection Period |  |  |
|---|---|---|---|---|
| County and Benefit Variable | Observation Period (a) | Projection Base (b) | Projected Amount | 5-Year Total (Observed+Projected) |
| **Riverside** |  |  |  |  |
| Earnings | 4317 | 258 | 691 | 5008 |
| Fringe benefits | 639 | 38 | 102 | 741 |
| Payroll taxes |  |  |  |  |
| Employee portion | 330 | 20 | 53 | 383 |
| Employer portion | 330 | 20 | 53 | 383 |
| Income and sales taxes | −49 | 10 | 21 | −27 |
| AFDC payments | −2557 | −103 | −231 | −2788 |
| Food Stamps | −277 | −16 | −25 | −301 |
| UI compensation | 58 | 6 | 30 | 88 |
| Total Medi-Cal | −442 | −27 | −51 | −492 |
| Transfer program administration | −277 | −12 | −23 | −300 |
| **San Diego** |  |  |  |  |
| Earnings | 2656 | 146 | 168 | 2824 |
| Fringe benefits | 393 | 22 | 25 | 418 |
| Payroll taxes |  |  |  |  |
| Employee portion | 201 | 11 | 12 | 214 |
| Employer portion | 201 | 11 | 12 | 214 |
| Income and sales taxes | 95 | 6 | −6 | 89 |
| AFDC payments | −1454 | −50 | −94 | −1548 |
| Food Stamps | −182 | −5 | −4 | −186 |
| UI compensation | 49 | 6 | 16 | 65 |
| Total Medi-Cal | −299 | −14 | −23 | −322 |
| Transfer program administration | −163 | −5 | −8 | −171 |
| **Tulare** |  |  |  |  |
| Earnings | 794 | 190 | 868 | 1662 |
| Fringe benefits | 117 | 28 | 128 | 246 |
| Payroll taxes |  |  |  |  |
| Employee portion | 62 | 15 | 67 | 129 |
| Employer portion | 62 | 15 | 67 | 129 |
| Income and sales taxes | 15 | −2 | −3 | 12 |
| AFDC payments | 42 | −58 | −273 | −231 |
| Food Stamps | 112 | −1 | −13 | 99 |
| UI compensation | −36 | −6 | −33 | −69 |
| Total Medi-Cal | 61 | −10 | −50 | 11 |
| Transfer program administration | 19 | −6 | −32 | −13 |

(continued)

### TABLE 7.3 (continued)

SOURCE: See Tables 7.1 and 7.2.

NOTES: Estimates reflect discounting and adjustment for inflation.

Estimates are regression–adjusted using ordinary least squares, controlling for pre–random assignment characteristics of sample members.

Tests of statistical significance were not performed.

Rounding may cause slight discrepancies in calculating sums and differences.

(a) The end of the observation period was June 1993 for AFDC payments records, Unemployment Insurance (UI) benefits records, Unemployment Insurance (UI) earnings records, Medi–Cal, and Food Stamps.

(b) For each sample member, the projection base period estimate for a given outcome measure is the quarterly average of the estimates for the last four quarters of available follow–up. Program effects observed during this base period are multiplied by a projection factor to estimate benefits from the end of the observation period to the end of year 5. The projection factor for earnings and related variables assumes that GAIN's effects observed in the base period continue for the remainder of the five–year period without decaying. The projection factor for AFDC and related variables assumes that GAIN's effects decline by 15 percent per year after the end of the observation period.

## TABLE 7.4

## PROJECTED FIVE-YEAR IMPACTS OF GAIN ON SELECTED OUTCOME MEASURES FOR AFDC-FG REGISTRANTS, ASSUMING ALTERNATIVE RATES OF DECAY (IN 1993 DOLLARS)

| Measure and County | 0% Decay Rate | 15% Decay Rate | 22% Decay Rate | 40% Decay Rate |
|---|---|---|---|---|
| **Earnings** | | | | |
| Alameda | 2853 | n/a | 2704 | 2552 |
| Butte | 3568 | n/a | 3506 | 3438 |
| Los Angeles | 479 | n/a | 474 | 466 |
| Riverside | 5008 | n/a | 4939 | 4864 |
| San Diego | 2824 | n/a | 2820 | 2815 |
| Tulare | 1662 | n/a | 1537 | 1409 |
| **AFDC** | | | | |
| Alameda | -1516 | -1450 | -1429 | -1339 |
| Butte | -1624 | -1607 | -1602 | -1579 |
| Los Angeles | -1476 | -1452 | -1444 | -1410 |
| Riverside | -2807 | -2788 | -2782 | -2755 |
| San Diego | -1552 | -1548 | -1546 | -1539 |
| Tulare | -269 | -231 | -219 | -170 |
| **Food Stamps** | | | | |
| Alameda | 55 | 56 | 56 | 58 |
| Butte | -191 | -192 | -192 | -193 |
| Los Angeles | -432 | -421 | -417 | -401 |
| Riverside | -303 | -301 | -301 | -299 |
| San Diego | -186 | -186 | -187 | -187 |
| Tulare | 96 | 99 | 100 | 103 |

SOURCE: See Tables 7.1 and 7.2.

NOTES: Estimates reflect discounting and adjustment for inflation.
Impacts are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.
Tests of statistical significance were not performed.
Base period estimates are projected from the end of the observation period through the end of year 5.

### A. Results from the Perspective of the Welfare Sample

Table 7.5 and Figure 7.1A present the benefit-cost results from the perspective of the welfare sample. It should be remembered that these results represent experimental-control differences in earnings and fringe benefits, taxes, and transfer payments. As discussed earlier, one estimates GAIN's net present value from the perspective of the welfare sample by subtracting the combined value of tax increases and savings in transfer payments from the value of earnings gains and increased fringe benefits. As Table 7.5 and Figure 7.1A show, GAIN experimentals – with the exception of those in Los Angeles – experienced a net financial gain as a result of the program, averaging $923 per experimental for the six counties combined over the five-year period (The average net gain equals $1,420 when Los Angeles is excluded.) In Los Angeles, experimentals' losses in transfer payments (especially in AFDC) exceeded their earnings increases and, as it turns out, a small decrease in taxes compared to controls, producing an overall negative net present value of –$1,561. In all other counties, experimentals realized an average gain of between $948 in San Diego to $1,900 in Riverside. It is noteworthy, however, that in Tulare, this positive result was achieved with a smaller earnings increase and a smaller reduction in AFDC payments compared to the other counties. In contrast, Riverside's results, compared to all of the other counties, reflect both a large increase in earnings and a large reduction in welfare payments – in other words, a greater substitution of work for welfare.

One can also express these results in terms of the net gain or loss for experimentals for every net public dollar invested to provide them with employment-related services. This is calculated by dividing the net present value for the welfare sample by the government's net costs (see Table 7.6). This measure, *net gain or loss (net present value) per net dollar invested*, presented in Table 7.5, indicates by how much experimentals were made financially better off (if at all) for every dollar invested in services for them above and beyond the cost of services received by controls. At the five-year mark, Riverside's program produced $1.19 in net gains for experimentals for every dollar of net public costs. Three other counties – Butte, San Diego, and Tulare – produced between $.50 and $.58 in net gains for experimentals per dollar of net costs. Alameda's experimentals gained $.19 per net dollar invested. As noted above, experimentals in Los Angeles incurred a net loss. Across the six counties, the GAIN program produced gains for experimentals averaging $.27 per net dollar invested. It should be remembered that the GAIN program will likely produce earnings gains for experimentals beyond year 5. Therefore, the ratio of net present value to net costs should become more positive.

### B. Results from the Perspective of the Government Budget

From the perspective of the government budget, the story is mixed, as Table 7.6 and Figure 7.1B show.[26] In Alameda, Los Angeles, and Tulare, net costs incurred by the government exceeded savings in transfer payments and tax gains by a substantial amount, resulting in large net losses per experimental. Average net present values in these counties ranged from -$3,442 to -$2,261. The losses in Alameda and Los Angeles in particular reflect the comparatively high net expenditures on employment-related services per experimental. (See Chapter 3 for a full discussion of costs.) On the other hand, Riverside's GAIN program combined comparatively low net costs with relatively large budgetary savings and tax gains, producing a substantial net gain for the government budget ($2,936).

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[26] The analysis does not include the experimental-control difference in transitional child care payments. However, the examination of available payments data suggests that very few experimentals or controls received these payments.

## TABLE 7.5

## FROM THE PERSPECTIVE OF THE WELFARE SAMPLE: ESTIMATED MONETARY GAINS AND LOSSES PER AFDC–FG EXPERIMENTAL WITHIN FIVE YEARS AFTER GAIN ORIENTATION (IN 1993 DOLLARS)

| Component of Analysis | Alameda | Butte | Los Angeles | Riverside | San Diego | Tulare | All Counties |
|---|---|---|---|---|---|---|---|
| Gains | | | | | | | |
| Earnings | 2853 | 3568 | 479 | 5008 | 2824 | 1662 | 2732 |
| Fringe benefits (a) | 422 | 528 | 71 | 741 | 418 | 246 | 404 |
| Total | 3275 | 4096 | 550 | 5749 | 3242 | 1908 | 3137 |
| Losses | | | | | | | |
| Tax payments | −364 | −533 | 44 | −356 | −303 | −141 | −276 |
| AFDC payments | −1450 | −1607 | −1452 | −2788 | −1548 | −231 | −1513 |
| Food Stamps | 56 | −192 | −421 | −301 | −186 | 99 | −157 |
| UI compensation | 40 | 12 | 16 | 88 | 65 | −69 | 25 |
| Total Medi–Cal | −467 | −192 | −298 | −492 | −322 | 11 | −293 |
| Total | −2185 | −2512 | −2110 | −3850 | −2294 | −331 | −2214 |
| Net gain or loss (net present value) | 1090 | 1585 | −1561 | 1900 | 948 | 1577 | 923 |
| Net gain or loss (net present value) per net dollar invested in GAIN and non–GAIN activities and services (b) | 0.19 per $1 | 0.55 per $1 | −0.27 per $1 | 1.19 per $1 | 0.50 per $1 | 0.58 per $1 | 0.27 per $1 |

SOURCE: See Tables 7.1 and 7.2.

NOTES: Estimates reflect discounting and adjustment for inflation.
Differences are regression–adjusted using ordinary least squares, controlling for pre–random assignment characteristics of sample members.
Tests of statistical significance were not performed.
Rounding may cause slight discrepancies in calculating sums and differences.
In the all–county averages, the results for each county are weighted equally.
Results include estimates of projected program effects beyond the observation period (see Table 7.3).

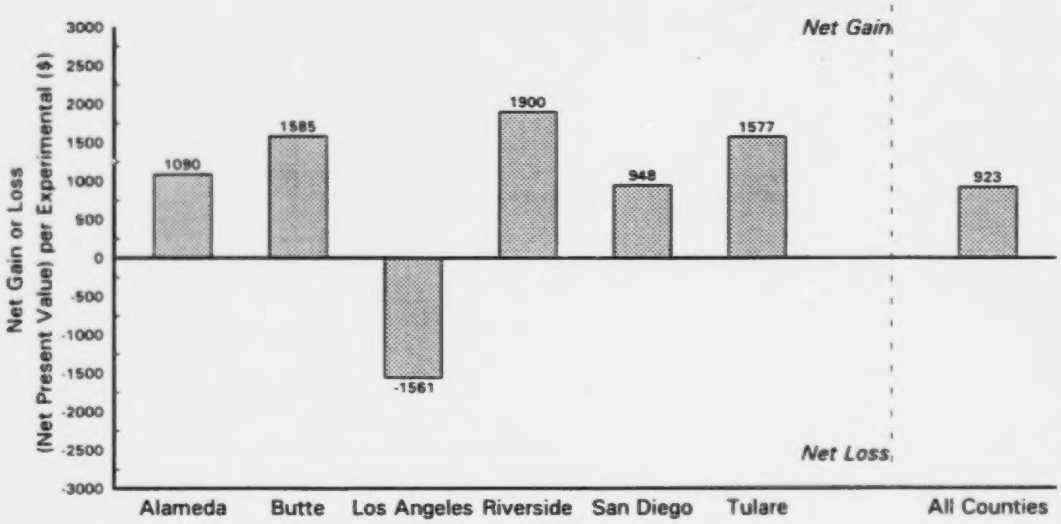
(a) These include employer–paid health and life insurance, pension contributions, and workers' compensation. Paid leave is captured directly by the earnings estimate. Employee–paid Social Security and Medicare taxes are included as tax payments.

(b) The net present value per net dollar invested in GAIN and non–GAIN activities and services is computed by dividing the net present value by the net cost of GAIN and non–GAIN activities and services.

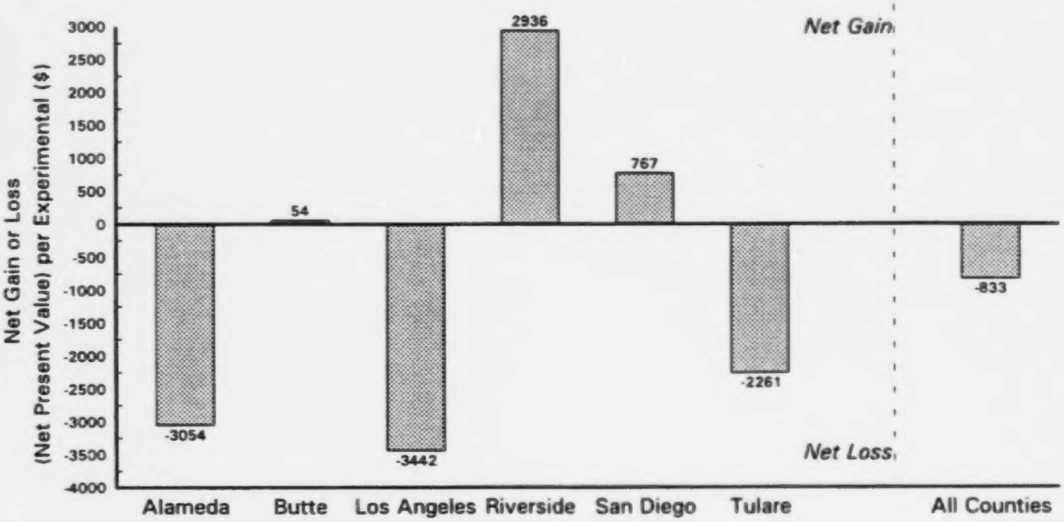
## FIGURE 7.1

## GAIN's BENEFIT-COST RESULTS FROM THE WELFARE SAMPLE AND GOVERNMENT BUDGET PERSPECTIVES FOR AFDC-FGs WITHIN FIVE YEARS AFTER ORIENTATION (IN 1993 DOLLARS)

A. From the Welfare Sample Perspective



B. From the Government Budget Perspective



SOURCE AND NOTES: Table 7.7.

## TABLE 7.6

## FROM THE GOVERNMENT BUDGET PERSPECTIVE: ESTIMATED MONETARY GAINS AND LOSSES PER AFDC–FG EXPERIMENTAL WITHIN FIVE YEARS AFTER GAIN ORIENTATION (IN 1993 DOLLARS)

| Component of Analysis | Alameda | Butte | Los Angeles | Riverside | San Diego | Tulare | All Counties |
|---|---|---|---|---|---|---|---|
| Gains | | | | | | | |
| Payroll taxes (a) | 433 | 546 | 74 | 766 | 427 | 259 | 418 |
| Income and sales tax | 148 | 260 | −81 | −27 | 89 | 12 | 67 |
| AFDC payments | 1450 | 1607 | 1452 | 2788 | 1548 | 231 | 1513 |
| Food Stamps | −56 | 192 | 421 | 301 | 186 | −99 | 157 |
| UI compensation | −40 | −12 | −16 | −88 | −65 | 69 | −25 |
| Total Medi–Cal | 467 | 192 | 298 | 492 | 322 | −11 | 293 |
| Transfer administration | 142 | 174 | 199 | 300 | 171 | 13 | 166 |
| Total | 2543 | 2958 | 2347 | 4533 | 2679 | 473 | 2589 |
| Losses | | | | | | | |
| Net cost of GAIN and non–GAIN activities and services | −5597 | −2904 | −5789 | −1597 | −1912 | −2734 | −3422 |
| Net gain or loss (net present value) | −3054 | 54 | −3442 | 2936 | 767 | −2261 | −833 |
| Return to budget per net dollar invested in GAIN and non–GAIN activities and services (b) | 0.45 per $1 | 1.02 per $1 | 0.41 per $1 | 2.84 per $1 | 1.40 per $1 | 0.17 per $1 | 0.76 per $1 |

SOURCE: See Tables 3.5, 7.1, and 7.2.

NOTES: Estimates reflect discounting and adjustment for inflation.
Differences are regression–adjusted using ordinary least squares, controlling for pre–random assignment characteristics of sample members.
Tests of statistical significance were not performed.
Rounding may cause slight discrepancies in calculating sums and differences.
In the all–county averages, the results for each county are weighted equally.
Results include estimates of projected program effects beyond the observation period (see Table 7.3).
(a) Payroll taxes include employer– and employee–paid Social Security and Medicare taxes.
(b) The return to budget per net dollar invested in GAIN and non–GAIN activities and services is computed by dividing total savings and tax increases by the net cost of GAIN and non–GAIN activities and services.

San Diego achieved a modest net gain ($767), and Butte's GAIN program did slightly better than break even. On average, across the six counties, the GAIN program incurred a net loss to the government budget of $833.

One can also consider the cost-effectiveness of the GAIN program from the standpoint of the government budget by estimating the value of budgetary savings and tax increases per dollar of investment (i.e., per dollar of net costs). This measure is called *return to budget per net dollar invested* and is presented in Table 7.6. One calculates GAIN's *return to budget* by adding together gains in taxes and savings in transfer payments and associated administrative costs and then dividing this total by total net costs of services (both GAIN and non-GAIN). According to this measure, government budgets come out ahead if the program produces more than a dollar's worth of additional revenues and savings for each additional dollar spent on employment-related services to experimentals (compared to controls).

As seen in Table 7.6, Riverside's program produced $2.84 in increased revenues and savings for every additional dollar spent on experimentals (beyond the control group average), a substantial return to the budget.[27] The GAIN program in San Diego ($1.40) also returned considerably more than a dollar in revenues and savings, while Butte's program essentially caused the government to break even ($1.02). On the other hand, Alameda, Los Angeles, and Tulare returned less than $.50 per dollar of net costs; and the six counties on average returned $.76. (It should be noted that a return of less than one dollar per dollar invested is equivalent to a negative net present value from the government budget perspective.)[28]

Once again, it should be noted that these benefit-cost results are estimated over a five-year period. It is likely that the net present values will improve in future years, although, even using relatively optimistic assumptions, the GAIN programs in Alameda, Los Angeles, and Tulare will probably not break even. (See Section IV.) One should also remember that these estimates assume that no displacement occurred as a result of employment gains for experimentals. As previously discussed, including a displacement effect would lower the net present values from the government budget perspective. (However, one would have to assume quite large displacement effects, and that a large proportion of those displaced received AFDC and other government transfers, for the positive government budget effects in Riverside and San Diego to become negative. In contrast, the "break-even" result in Butte could become negative with relatively modest assumptions about displacement. In the other three counties, displacement effects would not change the qualitative conclusions of this analysis, i.e., that GAIN resulted in a net loss from the government budget perspective.)

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[27] The ratio of $2.84 returned per net dollar invested is calculated by dividing the $4,533 in combined savings in transfer payments and administrative costs plus tax increases by the $1,597 in net costs of GAIN and non-GAIN services to experimentals. The SWIM program, by comparison, returned $2.34 per dollar invested.

[28] When calculating net present value from the government budget perspective, net costs are *subtracted* from combined revenue increases and savings in transfer payments and administration. In net return to budget calculations, these gains are *divided* by net costs. Therefore, when net costs exceed gains, net present value will be less than zero and net return to budget will less than $1. Net return to budget will be less than zero dollars when impacts are negative: i.e., when experimentals earn *less* on average than controls (and pay less in taxes) and receive *more* in AFDC and other transfer payments.

## C. Results from the Perspective of Taxpayers and Society as a Whole

The results from the taxpayer perspective are almost identical to those of the government budget. As discussed earlier in the chapter, taxpayers (i.e., defined for this analysis as everyone else in society other than the welfare sample), realized mostly the same benefits as the government budget. However, they received an additional gain from increased output from experimentals employed in unpaid work experience (PREP) jobs. On the other hand, they benefited less from increased payroll taxes. Although a precise value of output from PREP could not be estimated with the data available for this study, a reasonable approximation places it close to zero in Los Angeles, Riverside, and Tulare, because of its very limited use by sample members in this study (see Chapter 2). The experimental-control difference in value of output was somewhat larger in Alameda ($77), Butte ($86), and San Diego ($149).[29] The smaller value of payroll tax increases offset these small gains, yielding results similar to those from the government budget perspective. These results are shown in Table 7.7.

Table 7.7 also presents the final benefit-cost results from the societal perspective. Once again, benefits accrued to society through earnings gains, savings in transfer program administration, and increased output from PREP jobs. All other effects represent gains from one perspective and losses from the other, resulting in no effect for society as a whole. Averaging the results across all six counties, the net present value of the program to society as a whole (the sum of taxpayer and welfare sample gains) was slightly below the break-even point. As previously discussed, this assumes that a dollar lost by one group has the same value as a dollar gained by another group, and that GAIN caused no displacement effects. Also, it should be remembered that, in the future, there should be a net gain from the societal perspective because of continued earnings gains for experimentals.

Although the six-county average suggests that society neither gained nor lost as a result of the GAIN program, results for individual counties differed dramatically. Riverside and San Diego posted net gains for both the welfare sample and taxpayers. Combining these effects yields positive net present values for society of $4,458 and $1,649, respectively. Butte also produced a net gain from the societal perspective ($1,452), although a small loss for taxpayers. At the other end of the spectrum, Los Angeles produced net losses from each perspective which, when combined, resulted in a net loss from the societal perspective of $5,046. The other two counties – Alameda and Tulare – achieved gains for the welfare samples but greater losses to taxpayers and the government budgets. These effects partially offset each other, resulting in an overall loss from the societal perspective of $819 in Tulare and $2,103 in Alameda.

## D. Results for AFDC-FG Registrants Determined Not to Need Basic Education

In general, the GAIN program produced larger gains for experimentals determined not to need basic education than for those determined to need basic education (see Table 7.7 and Figures 7.2 and

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[29] The experimental-control difference in the value of output from work experience jobs was estimated by multiplying the difference in average number of months in work experience by $286.33, the estimated average value of output per month in work experience. The second term was calculated in part from data from a survey for work experience participants in the San Diego SWIM program and their employers. It was assumed that the average GAIN experimental or control employed in a work experience job worked 59.1 hours per month, received the minimum hourly wage ($4.25) plus fringe benefits of 14.8 percent, and achieved a productivity rate of 99.3 percent compared to other workers in these jobs.

## TABLE 7.7

## ESTIMATED NET GAINS AND LOSSES AND RETURN PER NET DOLLAR INVESTED PER AFDC-FG EXPERIMENTAL, WITHIN FIVE YEARS AFTER GAIN ORIENTATION, BY BASIC EDUCATION SUBGROUP AND ACCOUNTING PERSPECTIVE (IN 1993 DOLLARS)

| County, Subgroup, and Outcome Measure | Accounting Perspective | | | |
|---|---|---|---|---|
| | Welfare Sample | Budget | Taxpayer | Society |
| **Alameda** | | | | |
| **Full sample** | | | | |
| Net gain or loss | 1090 | −3054 | −3193 | −2103 |
| Return to budget per net dollar invested | n/a | 0.45 per $1 | 0.43 per $1 | n/a |
| Net gain or loss per net dollar invested | 0.19 per $1 | n/a | n/a | 0.62 per $1 |
| **Registrants determined not to need basic education** | | | | |
| Net gain or loss | 5328 | −6041 | −6232 | −904 |
| Return to budget per net dollar invested | n/a | 0.16 per $1 | 0.13 per $1 | n/a |
| Net gain or loss per net dollar invested | 0.74 per $1 | n/a | n/a | 0.87 per $1 |
| **Registrants determined to need basic education** | | | | |
| Net gain or loss | −1199 | −2011 | −2100 | −3299 |
| Return to budget per net dollar invested | n/a | 0.60 per $1 | 0.58 per $1 | n/a |
| Net gain or loss per net dollar invested | −0.24 per $1 | n/a | n/a | 0.34 per $1 |
| **Butte** | | | | |
| **Full sample** | | | | |
| Net gain or loss | 1585 | 54 | −133 | 1452 |
| Return to budget per net dollar invested | n/a | 1.02 per $1 | 0.95 per $1 | n/a |
| Net gain or loss per net dollar invested | 0.55 per $1 | n/a | n/a | 1.50 per $1 |
| **Registrants determined not to need basic education** | | | | |
| Net gain or loss | 4702 | −3955 | −4081 | 621 |
| Return to budget per net dollar invested | n/a | −0.30 per $1 | −0.34 per $1 | n/a |
| Net gain or loss per net dollar invested | 1.54 per $1 | n/a | n/a | 1.20 per $1 |
| **Registrants determined to need basic education** | | | | |
| Net gain or loss | −820 | 4816 | 4476 | 3656 |
| Return to budget per net dollar invested | n/a | 2.71 per $1 | 2.59 per $1 | n/a |
| Net gain or loss per net dollar invested | −0.29 per $1 | n/a | n/a | 2.30 per $1 |

(continued)

TABLE 7.7 (continued)

| County, Subgroup, and Outcome Measure | Accounting Perspective | | | |
|---|---|---|---|---|
| | Welfare Sample | Budget | Taxpayer | Society |
| **Los Angeles** | | | | |
| **Full sample** | | | | |
| Net gain or loss | −1561 | −3442 | −3485 | −5046 |
| Return to budget per net dollar invested | n/a | 0.41 per $1 | 0.40 per $1 | n/a |
| Net gain or loss per net dollar invested | −0.27 per $1 | n/a | n/a | 0.13 per $1 |
| **Registrants determined not to need basic education** | | | | |
| Net gain or loss | −2826 | 2892 | 2815 | −11 |
| Return to budget per net dollar invested | n/a | 2.15 per $1 | 2.11 per $1 | n/a |
| Net gain or loss per net dollar invested | −1.12 per $1 | n/a | n/a | 1.00 per $1 |
| **Registrants determined to need basic education** | | | | |
| Net gain or loss | −1162 | −4755 | −4779 | −5941 |
| Return to budget per net dollar invested | n/a | 0.26 per $1 | 0.25 per $1 | n/a |
| Net gain or loss per net dollar invested | −0.18 per $1 | n/a | n/a | 0.07 per $1 |
| **Riverside** | | | | |
| **Full sample** | | | | |
| Net gain or loss | 1900 | 2936 | 2559 | 4458 |
| Return to budget per net dollar invested | n/a | 2.84 per $1 | 2.60 per $1 | n/a |
| Net gain or loss per net dollar invested | 1.19 per $1 | n/a | n/a | 3.79 per $1 |
| **Registrants determined not to need basic education** | | | | |
| Net gain or loss | 3235 | 3576 | 3093 | 6328 |
| Return to budget per net dollar invested | n/a | 4.36 per $1 | 3.90 per $1 | n/a |
| Net gain or loss per net dollar invested | 3.04 per $1 | n/a | n/a | 6.94 per $1 |
| **Registrants determined to need basic education** | | | | |
| Net gain or loss | 1111 | 2444 | 2135 | 3246 |
| Return to budget per net dollar invested | n/a | 2.24 per $1 | 2.08 per $1 | 2.65 |
| Net gain or loss per net dollar invested | 0.56 per $1 | n/a | n/a | 2.61 per $1 |

(continued)

### TABLE 7.7 (continued)

| County, Subgroup, and Outcome Measure | Accounting Perspective | | | |
|---|---|---|---|---|
| | Welfare Sample | Budget | Taxpayer | Society |
| **San Diego** | | | | |
| **Full sample** | | | | |
| Net gain or loss | 948 | 767 | 702 | 1649 |
| Return to budget per net dollar invested | n/a | 1.40 per $1 | 1.37 per $1 | n/a |
| Net gain or loss per net dollar invested | 0.50 per $1 | n/a | n/a | 1.86 per $1 |
| **Registrants determined not to need basic education** | | | | |
| Net gain or loss | 2925 | 2610 | 2310 | 5235 |
| Return to budget per net dollar invested | n/a | 3.95 per $1 | 3.61 per $1 | n/a |
| Net gain or loss per net dollar invested | 3.30 per $1 | n/a | n/a | 6.91 per $1 |
| **Registrants determined to need basic education** | | | | |
| Net gain or loss | −968 | −759 | −622 | −1590 |
| Return to budget per net dollar invested | n/a | 0.72 per $1 | 0.77 per $1 | n/a |
| Net gain or loss per net dollar invested | −0.35 per $1 | n/a | n/a | 0.42 per $1 |
| **Tulare** | | | | |
| **Full sample** | | | | |
| Net gain or loss | 1577 | −2261 | −2396 | −819 |
| Return to budget per net dollar invested | n/a | 0.17 per $1 | 0.12 per $1 | n/a |
| Net gain or loss per net dollar invested | 0.58 per $1 | n/a | n/a | 0.70 per $1 |
| **Registrants determined not to need basic education** | | | | |
| Net gain or loss | 673 | −2812 | −2836 | −2163 |
| Return to budget per net dollar invested | n/a | −0.24 per $1 | −0.25 per $1 | n/a |
| Net gain or loss per net dollar invested | 0.30 per $1 | n/a | n/a | 0.05 per $1 |
| **Registrants determined to need basic education** | | | | |
| Net gain or loss | 2333 | −2082 | −2288 | 45 |
| Return to budget per net dollar invested | n/a | 0.30 per $1 | 0.23 per $1 | n/a |
| Net gain or loss per net dollar invested | 0.77 per $1 | n/a | n/a | 1.02 per $1 |

(continued)

### TABLE 7.7 (continued)

| County, Subgroup, and Outcome Measure | Accounting Perspective | | | |
|---|---|---|---|---|
| | Welfare Sample | Budget | Taxpayer | Society |
| **All counties (c)** | | | | |
| **Full sample** | | | | |
| Net gain or loss | 923 | −833 | −990 | −67 |
| Return to budget per net dollar invested | n/a | 0.76 per $1 | 0.71 per $1 | n/a |
| Net gain or loss per net dollar invested | 0.27 per $1 | n/a | n/a | 0.98 per $1 |
| **Registrants determined not to need basic education** | | | | |
| Net gain or loss | 2340 | −622 | −824 | 1516 |
| Return to budget per net dollar invested | n/a | 0.78 per $1 | 0.71 per $1 | n/a |
| Net gain or loss per net dollar invested | 0.83 per $1 | n/a | n/a | 1.54 per $1 |
| **Registrants determined to need basic education** | | | | |
| Net gain or loss | −117 | −391 | −530 | −647 |
| Return to budget per net dollar invested | n/a | 0.89 per $1 | 0.85 per $1 | n/a |
| Net gain or loss per net dollar invested | −0.03 per $1 | n/a | n/a | 0.82 per $1 |

SOURCE: See Tables 3.5, 3.6, 7.1, and 7.2.

NOTES: Estimates reflect discounting and adjustment for inflation.

Differences are regression−adjusted using ordinary least squares, controlling for pre−random assignment characteristics of sample members.

Tests of statistical significance were not performed.

Rounding may cause slight discrepancies in calculating sums and differences.

In the all−county averages, the results for each county are weighted equally.

The net present value is equal to gains minus losses, which vary by accounting perspective. For the welfare sample, gains include higher earnings and fringe benefits for experimentals and losses include increased taxes and reduced transfer payments. For the government budget, gains include increased taxes and savings in transfer payments and administrative costs and losses include the net cost of GAIN and non−GAIN activities and services. For taxpayers, gains include increased output from work experience jobs, increased taxes paid by the welfare sample, and reduced transfer payments and administrative costs and losses include the net cost of GAIN and non−GAIN activities and services. For society, gains include higher earnings and fringe benefits for the welfare sample, increased output from work experience jobs, and savings in transfer payment administrative costs and losses include the net cost of GAIN and non−GAIN activities and services.

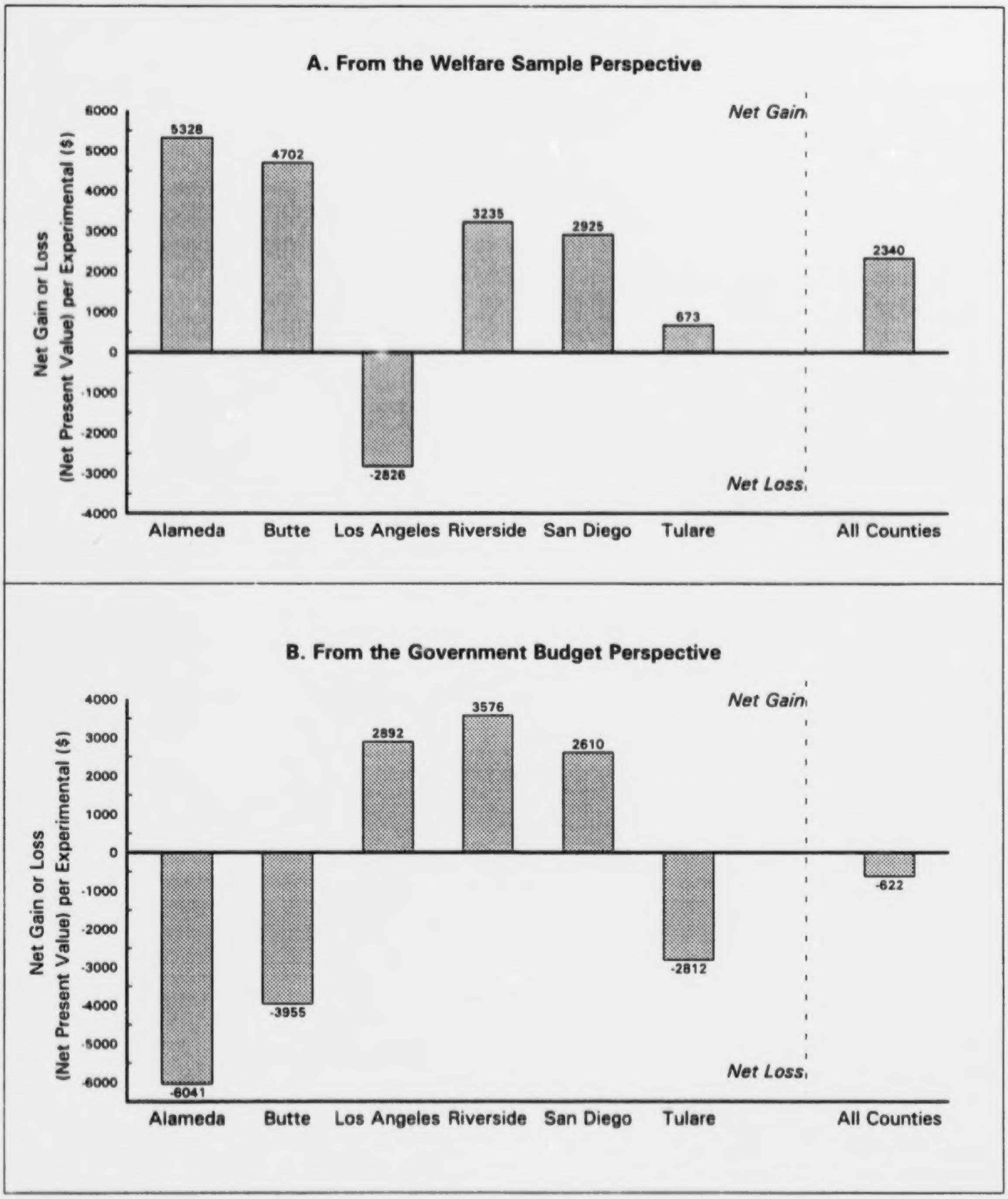
Return to budget per net dollar invested pertains only to the budget and taxpayer accounting perspectives and is computed by dividing the gains (as defined above) of each accounting perspective by the net cost of GAIN and non−GAIN activities and services.

Net present value (net gain or loss per net dollar invested) per dollar invested pertains only to the welfare sample and society accounting perspectives and is computed by dividing the net present value by the net cost of GAIN and non−GAIN activities and services.

It should be noted that, within a given perspective, the all−county results for the two basic education subgroups, which make up varying proportions of each county's full sample, will not necessarily bracket the all−county results for the full sample when the subgroup results for each county are weighted equally.

## FIGURE 7.2

## GAIN's BENEFIT-COST RESULTS FROM THE WELFARE SAMPLE AND GOVERNMENT BUDGET PERSPECTIVES FOR AFDC-FGs DETERMINED NOT TO NEED BASIC EDUCATION WITHIN FIVE YEARS AFTER ORIENTATION (IN 1993 DOLLARS)



SOURCE AND NOTES: See Tables 7.1, 7.2, and 7.7.

7.3). As with the full sample, all counties except Los Angeles produced positive net present values from the perspective of the welfare sample. These net gains ranged from $673 in Tulare to $5,328 in Alameda. In four of these counties, the net present value exceeded the corresponding average for the full sample (and for sample members in need of basic education). For all six counties combined (with the results for each county weighted equally), the program averaged $2,340 in net gains for the welfare sample in this subgroup.

Averaged over the six counties, the net present value from the government budget perspective (−$622) resembles the full sample result. However, net present values for individual counties showed a somewhat different pattern. The government budget realized net gains in Riverside and San Diego, as before – but also in Los Angeles. Losses were incurred in Alameda and Tulare, but also in Butte.

### E. Results for AFDC-FG Registrants Determined to Need Basic Education

As implied by the above discussion, experimentals determined to need basic education did not fare as well (see Table 7.7 and Figure 7.3). Overall, this group incurred a small net loss from the welfare sample perspective. In four counties – Alameda, Butte, Los Angeles, and San Diego – net present values were negative from the standpoint of the welfare sample, ranging from −$820 in Butte to −$1,199 in Alameda. Interestingly, Tulare recorded the largest net present value for the welfare sample in need of basic education, $2,333, followed by Riverside, $1,111. As with the full sample, the larger gain in Tulare, compared to Riverside, was achieved with a smaller earnings gain, combined with a smaller reduction in transfer payments.

Averaged across the six counties, the GAIN program produced a small net loss ($391) from the government budget perspective. Once again, benefit-cost results varied widely by county. Butte recorded a large gain ($4,816) from the government budget perspective, followed by Riverside ($2,444); the other four counties recorded net losses, ranging from $759 in San Diego to $4,755 in Los Angeles.[30]

## IV. Would a 10-Year Time Horizon Change the Overall Conclusions of the Benefit-Cost Analysis?

As has been suggested several times in this chapter, the five-year time horizon may understate the benefits of the GAIN program. The most crucial test of this hypothesis concerns the net present values for Alameda, Los Angeles, and Tulare, counties that made the heaviest investment in provision of basic education services. Each of these counties incurred a substantial net loss from the perspective

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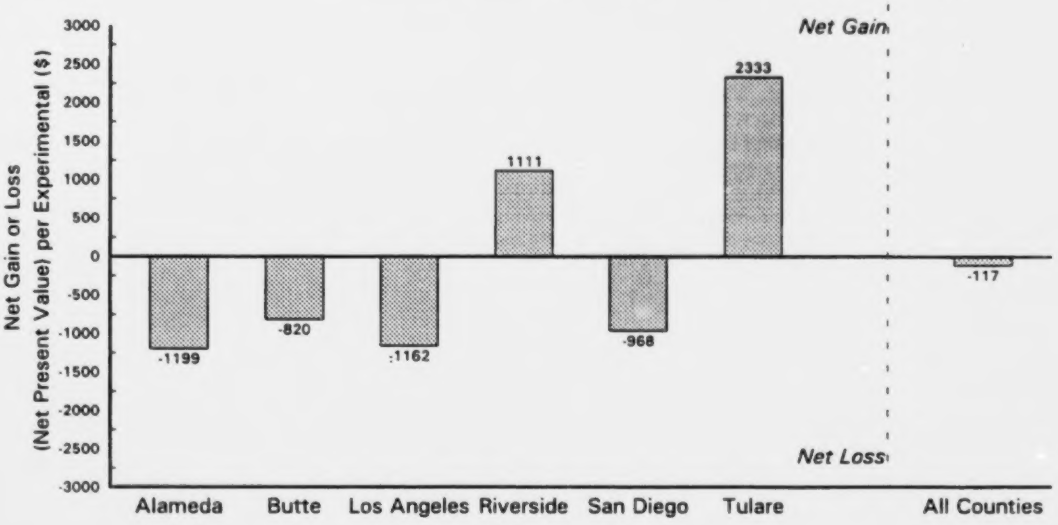
[30] As indicated in Table 7.7, the full-sample six-county net present value from the government budget perspective (-$833) is lower than the corresponding average for each of the two basic education subgroups (-$622 and -$391). Net present values from the taxpayer perspective show the same pattern. These results, although seemingly odd, are in fact correct and illustrate potential effects of equal weighting of experimental-control differences among members of a particular subgroup, under relatively extreme circumstances: i.e., when (1) net present values for subgroups differ dramatically within counties; (2) subgroup sample sizes are very unequal within counties; and (3) the pattern of positive and negative results among subgroups varied by county.

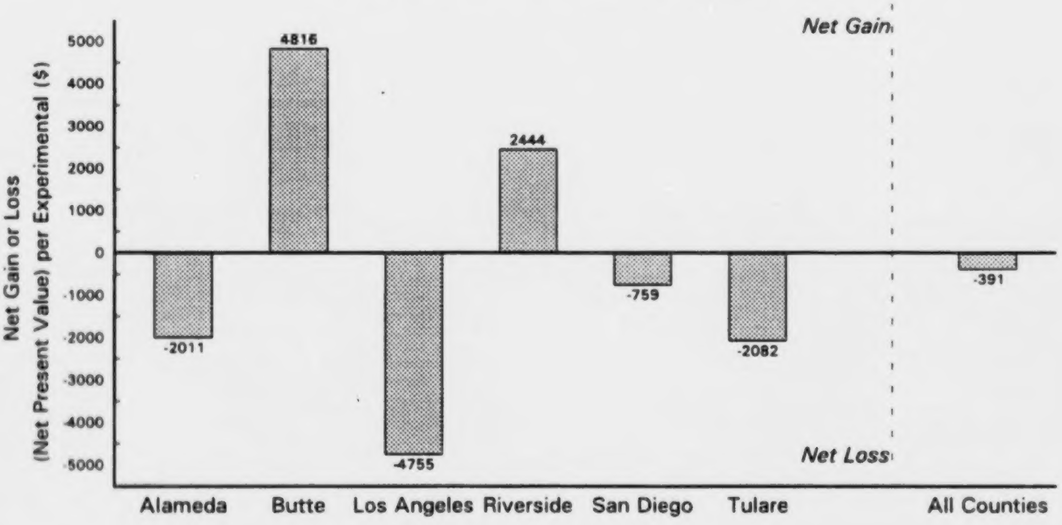
## FIGURE 7.3

## GAIN's BENEFIT-COST RESULTS FROM THE WELFARE SAMPLE AND GOVERNMENT BUDGET PERSPECTIVES FOR AFDC-FGs DETERMINED TO NEED BASIC EDUCATION WITHIN FIVE YEARS AFTER ORIENTATION (IN 1993 DOLLARS)

**A. From the Welfare Sample Perspective**



**B. From the Government Budget Perspective**



SOURCE AND NOTES: See Tables 7.1, 7.2, and 7.7.

of the government budget over five years; and even in Alameda and Tulare, where the welfare sample did relatively well, each dollar of program expenditures produced much less than a dollar's worth of gains.

A "sensitivity test" of the five-year results was performed by projecting the base period effects through the end of year 10, using relatively optimistic assumptions: *no decay* in third-year earnings impacts; a *15 percent decay* in AFDC impacts; and *no* additional program expenditures for experimentals or controls.

As expected, earnings gains continued to outpace tax increases and reductions in transfer payments in every county except Los Angeles during years 6 through 10. Averaged over the six research counties, GAIN produced a net present value of about $2,700 for the welfare sample. Moreover, the government budget does slightly better than break even by the end of year 10.

However, extending the follow-up does not change the pattern of results for individual counties. Net losses to the government budget decrease in magnitude in Alameda, Los Angeles, and Tulare during years 6 through 10, but never approach the break-even mark. (Tulare incurs the smallest loss, approximately $1,500 over 10 years.) Gains to the welfare sample continue to grow in Alameda and Tulare. In fact, in Tulare, the 10-year results show more than a dollar's worth of net gain to the welfare sample for each dollar of expenditures. However, experimentals in Los Angeles continue to show a large net loss.[31] In short, it would require far more optimistic assumptions about the pattern of future earnings gains and welfare savings to alter the conclusions of this analysis in counties where upfront expenditures were heaviest.

## V. Summary of Results for AFDC-U Registrants

Estimates of GAIN's five-year effects for the AFDC-U sample used more pessimistic assumptions for projecting future effects than were employed for the estimates for AFDC-FGs. Specifically, projected earnings and related measures used an annual decay rate of 40 percent, and transfer payments assumed a 20 percent annual decay rate between the end of the observation period and the end of the five-year period after random assignment. These assumptions were based on the observed decline in impacts for the full sample and early cohorts and on the pattern of impacts in other programs.

As suggested by the impact analysis, members of the AFDC-U sample did not realize the same gains as AFDC-FGs, primarily because savings in AFDC and other transfers offset earnings gains to a greater extent. As seen in Table 7.8, the AFDC-U welfare sample incurred net losses in three counties (Los Angeles, Riverside, and San Diego) and net gains in two others (Butte and Tulare). Only in Butte did AFDC-Us receive a large net gain from the program, $2,096. Overall, AFDC-U experimentals incurred a small net loss of $186, compared to a net gain of $923 for AFDC-FGs. As

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[31] It should be noted that using the above assumptions actually increases the net loss for experimentals in Los Angeles. That is because base period estimates of savings in transfer payments were considerably larger than corresponding estimates in earnings gains. This net loss is projected over five additional years when estimating the 10-year effects.

## TABLE 7.8

## FROM THE PERSPECTIVE OF THE WELFARE SAMPLE: ESTIMATED MONETARY GAINS AND LOSSES PER AFDC–U EXPERIMENTAL WITHIN FIVE YEARS AFTER GAIN ORIENTATION (IN 1993 DOLLARS)

| Component of Analysis | Butte | Los Angeles | Riverside | San Diego | Tulare | All Counties |
|---|---|---|---|---|---|---|
| Gains | | | | | | |
| Earnings | 4752 | 1298 | 2029 | −132 | 36 | 1596 |
| Fringe benefits (a) | 703 | 192 | 300 | −20 | 5 | 236 |
| Total | 5455 | 1491 | 2329 | −152 | 41 | 1833 |
| Losses | | | | | | |
| Tax payments | −1075 | 113 | −88 | 247 | 1 | −160 |
| AFDC payments | −1873 | −1590 | −2311 | −1636 | −1 | −1482 |
| Food Stamps | −464 | −507 | −491 | −258 | −3 | −345 |
| UI compensation | 317 | −103 | 181 | 160 | −66 | 98 |
| Total Medi–Cal | −264 | −24 | −334 | −310 | 287 | −129 |
| Total | −3359 | −2112 | −3043 | −1797 | 219 | −2018 |
| Net gain or loss (net present value) | 2096 | −621 | −714 | −1949 | 260 | −186 |
| Net gain or loss (net present value) per net dollar invested in GAIN and non–GAIN activities and services (b) | 0.65 per $1 | −0.14 per $1 | −0.33 per $1 | −0.95 per $1 | 0.10 per $1 | −0.06 per $1 |

SOURCE: See Tables 7.1 and 7.2.

NOTES: Estimates reflect discounting and adjustment for inflation.

Differences are regression–adjusted using ordinary least squares, controlling for pre–random assignment characteristics of sample members.

Tests of statistical significance were not performed.

Rounding may cause slight discrepancies in calculating sums and differences.

Results for Alameda are excluded from this table due to the county's small sample size. In the all–county averages, the results for each county are weighted equally.

Results include estimates of projected program effects beyond the observation period. The projection factor for earnings and related variables assumes that GAIN's effects decline by 40 percent per year after the end of the observation period. The projection factor for AFDC and related variables assumes that GAIN's effects decline by 20 percent per year after the end of the observation period.

(a) These include employer–paid health and life insurance, pension contributions, and workers' compensation. Paid leave is captured directly by the earnings estimate. Employee–paid Social Security and Medicare taxes are included as tax payments.

(b) The net present value per net dollar invested in GAIN and non–GAIN activities and services is computed by dividing the net present value by the net cost of GAIN and non–GAIN activities and services.

with AFDC-FGs, there was a net loss ($607) from the government budget perspective (see Table 7.9). GAIN produced positive net present values only in Butte ($697) and Riverside ($1,314). (See Table 7.10.)

## VI. GAIN's Effects on Non-Monetary Outcomes

As is true of any benefit-cost analysis of welfare-to-work programs, many results could not be considered in the calculations of net present value, either because the effects are inherently difficult to quantify or because sufficient data were not available to estimate their monetary value reliably. This section briefly considers some impacts of GAIN discussed in Chapters 2 and 5 from a benefit-cost perspective, indicating whether they contribute to, detract from, or have no effect on the overall assessment of GAIN's effects from the different perspectives.

As discussed in Chapter 2, GAIN produced impacts on receipt of a GED or high school diploma in Alameda, San Diego, and Tulare. These impacts should be counted as a net gain for the welfare sample and most likely for society as well. Members of the welfare sample and their families may have gained additional benefits beyond whatever employment and earnings effects these education credentials produced, including increased self-esteem among recipients of a credential, increased likelihood of the sample member's serving as a role model for other adults and the children in the household to persevere in their studies, and perhaps greater effectiveness in helping and guiding their children in their schoolwork. Experimentals may also benefit from an increased possibility of future gains in post-secondary education or vocational training. Some of these effects may boost earnings gains among experimentals and their households in future years.

In most counties, experimentals were more likely to be employed than controls, and derived more of their income from earnings and less from AFDC and other transfers than did controls. This substitution of work for welfare likely has positive value for society at large (it certainly does for the taxpayers and the government budget) and may be beneficial for the welfare sample and their families. Sample members who found employment may feel better about themselves and may feel themselves to be better role models for their children. Further, experimentals (particularly in Alameda) were somewhat more likely than controls to voice satisfaction in the quality of their jobs and their prospects for advancement.

However, there are also potential negative effects of increased employment. Although not included in this analysis, experimentals probably incurred additional expenses for transportation, child care, clothing, and other work-related items, compared to controls; and these were only partially offset by AFDC transitional child care payments and income disregards. Experimentals, particularly single parents, may also have faced greater stress from trying to find good-quality child care and from other problems related to meeting work and parenting responsibilities. Further, as indicated in Chapter 5, many jobs taken by experimentals and controls did not include health benefits, although only in Riverside was there a measurable increase in the number of experimentals not covered by Medi-Cal or private health insurance.

In general, GAIN appeared to have had no marked effect on other indicators of material or personal well-being – number of material hardships, physical health, incidence of marriage and

## TABLE 7.9

## FROM THE GOVERNMENT BUDGET PERSPECTIVE: ESTIMATED MONETARY GAINS AND LOSSES PER AFDC–U EXPERIMENTAL, WITHIN FIVE YEARS AFTER GAIN ORIENTATION (IN 1993 DOLLARS)

| Component of Analysis | Butte | Los Angeles | Riverside | San Diego | Tulare | All Counties |
|---|---|---|---|---|---|---|
| Gains | | | | | | |
| Payroll taxes (a) | 722 | 199 | 312 | −19 | 4 | 244 |
| Income and sales tax | 714 | −213 | −68 | −238 | −3 | 39 |
| AFDC Payments | 1873 | 1590 | 2311 | 1636 | 1 | 1482 |
| Food Stamps | 464 | 507 | 491 | 258 | 3 | 345 |
| UI compensation | −317 | 103 | −181 | −160 | 66 | −98 |
| Total Medi–Cal | 264 | 24 | 334 | 310 | −287 | 129 |
| Transfer administration | 205 | 217 | 265 | 177 | −12 | 170 |
| Total | 3924 | 2428 | 3464 | 1964 | −229 | 2310 |
| Losses | | | | | | |
| Net cost of GAIN and Non–Gain activities and services | −3227 | −4449 | −2150 | −2050 | −2710 | −2917 |
| Net gain or loss (net present value) | 697 | −2021 | 1314 | −86 | −2939 | −607 |
| Return to budget per net dollar invested in GAIN and non–GAIN activities and services (b) | 1.22 per $1 | 0.55 per $1 | 1.61 per $1 | 0.96 per $1 | −0.08 per $1 | 0.79 per $1 |

SOURCE: See Tables 7.1 and 7.2.

NOTES: Estimates reflect discounting and adjustment for inflation.

Differences are regression–adjusted using ordinary least squares, controlling for pre–random assignment characteristics of sample members.

Tests of statistical significance were not perfomed.

Rounding may cause slight discrepancies in calculating sums and differences.

Results for Alameda are excluded from this table due to the county's small sample size. In the all–county averages, the results for each county are weighted equally.

Results include estimates of projected program effects beyond the observation period (see Table 7.8).

(a) Payroll taxes include employer– and employee–paid Social Security and Medicare taxes.

(b) The return to budget per net dollar invested in GAIN and non–GAIN activities and services is computed by dividing total savings and tax increases by the net cost of GAIN and non–GAIN activities and services.

## TABLE 7.10

## ESTIMATED NET GAINS AND LOSSES AND RETURN PER NET DOLLAR INVESTED PER AFDC–U EXPERIMENTAL, WITHIN FIVE YEARS AFTER GAIN ORIENTATION, BY COUNTY AND ACCOUNTING PERSPECTIVE (IN 1993 DOLLARS)

| County, Subgroup, and Outcome Measure | Accounting Perspective | | | |
|---|---|---|---|---|
| | Welfare Sample | Budget | Taxpayer | Society |
| **Butte** | | | | |
| Net gain or loss | 2096 | 697 | 471 | 2568 |
| Return to budget per net dollar invested | n/a | 1.22 per $1 | 1.15 per $1 | n/a |
| Net gain or loss per net dollar invested | 0.65 per $1 | n/a | n/a | 1.80 per $1 |
| **Los Angeles** | | | | |
| Net gain or loss | −621 | −2021 | −2127 | −2748 |
| Return to budget per net dollar invested | n/a | 0.55 per $1 | 0.52 per $1 | n/a |
| Net gain or loss per net dollar invested | −0.14 per $1 | n/a | n/a | 0.38 per $1 |
| **Riverside** | | | | |
| Net gain or loss | −714 | 1314 | 1180 | 466 |
| Return to budget per net dollar invested | n/a | 1.61 per $1 | 1.55 per $1 | n/a |
| Net gain or loss per net dollar invested | −0.33 per $1 | n/a | n/a | 1.22 per $1 |
| **San Diego** | | | | |
| Net gain or loss | −1949 | −86 | 153 | −1796 |
| Return to budget per net dollar invested | n/a | 0.96 per $1 | 1.07 per $1 | n/a |
| Net gain or loss per net dollar invested | −0.95 per $1 | n/a | n/a | 0.12 per $1 |
| **Tulare** | | | | |
| Net gain or loss | 260 | −2939 | −2945 | −2685 |
| Return to budget per net dollar invested | n/a | −0.08 per $1 | −0.09 per $1 | n/a |
| Net gain or loss per net dollar invested | 0.10 per $1 | n/a | n/a | 0.01 per $1 |
| **All counties** | | | | |
| Net gain or loss | −186 | −607 | −652 | −838 |
| Return to budget per net dollar invested | n/a | 0.79 per $1 | 0.78 per $1 | n/a |
| Net gain or loss per net dollar invested | −0.06 per $1 | n/a | n/a | 0.71 per $1 |

SOURCE: See Tables 3.5, 3.6, 7.1, and 7.2.

NOTES: Estimates reflect discounting and adjustment for inflation.
Differences are regression–adjusted using ordinary least squares, controlling for pre–random assignment characteristics of sample members.
Tests of statistical significance were not performed.
Rounding may cause slight discrepancies in calculating sums and differences.
Results for Alameda are excluded from this table due to the county's small sample size. In the all–county averages, the results for each county are weighted equally.
For definitions of the terms used in this table, see Table 7.7.

childbirth, depression, or an assessment of sample members' lives at the time of the survey interview, which occurred two to three years after GAIN orientation. Of course, these results could change in the future with further earnings gains and welfare reductions produced by GAIN.

## VII. Conclusions

Judgments concerning GAIN's benefit-cost results must consider the perspective taken – in particular, whether it is that of the welfare sample or that of government budgets. Among the six counties, the performance of the GAIN program in Riverside stands out, both for the size of its net gains and for the consistency of gains across the different perspectives and subgroups. (However, it should be noted that, even in Riverside, the AFDC-U welfare sample incurred a financial loss.) Results were consistently negative in Los Angeles.[32] Elsewhere, results were mixed. Among AFDC-FGs in Alameda and Tulare, the welfare sample experienced a net gain, but the government budget incurred a net loss. In San Diego, the program resulted in gains from both perspectives. In Butte, the welfare sample was made better off, while the government budget broke even. However, the results differed markedly between the basic education subgroups within these two counties.

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[32] The one exception is a gain, from the government budget and taxpayers' perspectives, among AFDC-FGs determined not to need basic education.

# CHAPTER 8

## EXPLAINING COUNTY DIFFERENCES IN THE EFFECTIVENESS OF GAIN

The implementation analysis discussed in Chapter 2 showed that GAIN can be operated in many different ways, and often must be run under quite diverse local conditions. It is therefore important for policymakers and program administrators, who must decide how best to spend the program's limited resources, to know what implications these choices and conditions hold for GAIN's effectiveness. Previous MDRC reports began to explore this issue through a county-by-county comparison of implementation factors and first-year and second-year impacts.[1] This report continues that inquiry using the new implementation, impact, and benefit-cost data presented in earlier chapters.

Before embarking on the comparison of counties, it is important to consider several limitations of this type of analysis (which are also discussed in Chapter 1). First, because this study includes only six counties, and because random assignment was conducted within counties and not across counties, isolating the effects of any particular factor is difficult and cannot be done with the same level of rigor that is possible in estimating county-specific impacts. Second, the data available for this report may not capture many aspects of the local environment, participation, or implementation that also influence impacts. Third, the conclusions from this analysis could change if even longer-term follow-up were available. For all of these reasons, the analysis that follows must be viewed as suggestive rather than conclusive.

These limitations notwithstanding, the three-year findings do bolster two important conclusions offered in previous reports. First, the fact that all six counties produced modest-to-large earnings gains or welfare savings, or both, indicates that GAIN's effectiveness is not just a one-county story: GAIN can lead to increased earnings and reduced welfare payments even when operated under a variety of local conditions, when targeted toward different types of welfare recipients, and when implemented using different approaches. At the same time, the data support a second preliminary conclusion of the earlier reports: that the particular combination of implementation conditions and approaches identified in Riverside may have the largest and most consistent impacts for AFDC-FG registrants, and the most consistent payoff from a benefit-cost standpoint. Indeed, Riverside's three-year earnings gains and welfare savings, and its return to the government budget, are the largest ever found in an experimental evaluation of a large-scale welfare-to-work program. However, it must also be recognized that the Riverside program did not produce uniformly strong earnings effects in the third year, since AFDC-U registrants saw no statistically significant earnings gains. Also, the other counties all produced growing earnings impacts: The earnings gains in the third year were about as high as or higher than those in the second year. For specific subgroups, the third-year effects in some counties rivaled Riverside's in magnitude.

Given the complexity of comparing county implementation factors and impacts, this chapter will focus exclusively on the results for the single-parent (AFDC-FG) sample. This choice reflects that fact that AFDC-FGs are the most numerous recipients in California and nationwide.

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[1] See Riccio and Friedlander, 1992; Friedlander, Riccio, and Freedman, 1993.

## I. A Summary of the Counties' Three-Year Impacts and Five-Year Benefit-Cost Results

Figure 8.1 summarizes the county-by-county, three-year impacts on earnings and AFDC payments for the full AFDC-FG research sample. Figures 8.2 and 8.3 present results for registrants determined not to need and those determined to need basic education. Table 8.1 summarizes the main benefit-cost findings. These figures and the table present the county impacts and benefit-cost results whose links with implementation factors will be explored in this chapter.

As the figures show, Riverside stands out among the six counties because it had large and statistically significant effects on earnings and welfare payments for the entire AFDC-FG sample and for both of the education subgroups.[2] Riverside's program also had the most consistent effects for a variety of other subgroups, as discussed in Chapter 4. The patterns were more complex in other counties. Each county produced some statistically significant earnings gains or welfare savings, but they did not always have effects in both areas or consistently across subgroups, as Riverside did.

Nonetheless, some of the *subgroup* impacts in other counties were as impressive as those found in Riverside. For example, among registrants determined *not* to need basic education, Alameda and San Diego had large third-year earnings impacts that were comparable to Riverside's. These results in Alameda are particularly noteworthy because they offer a rare example of a welfare-to-work program producing earnings gains for a long-term welfare population living in inner-city areas with a high concentration of poverty. Los Angeles also achieved a reduction in welfare payments for the not-in-need-of-basic-education subgroup that was comparable to Riverside's. For registrants determined to need basic education, Butte produced earnings impacts that were comparable to Riverside's, and reductions in welfare payments that exceeded those in Riverside.

When economic benefits are compared to costs, all counties except Los Angeles made the entire welfare sample better off. This positive outcome was obtained more consistently for registrants determined not to need basic education than for the in-need subgroup, as shown in Table 8.1. In only two counties – Riverside and Tulare – were both education subgroups better off.

From the perspective of the government budget, GAIN produced savings that exceeded net costs for the full sample in three of the six counties (Butte, Riverside, and San Diego). Only in Riverside did the government budget come out ahead for both education subgroups. Moreover, it was only in Riverside that economic gains exceeded losses for both the welfare sample *and* the government, and for the total sample and each subgroup.

## II. The Effects of Serving Different Types of Welfare Recipients

Chapter 1 showed that the six counties served different types of welfare recipients. For example, Los Angeles and Alameda served only long-term recipients, while the other counties served applicants and short-term recipients as well as long-term recipients. The counties also varied widely in the proportion of their registrants who were determined to need basic education, ranging from 49 percent of AFDC-FGs in Butte to more than 80 percent in Los Angeles. Does this mean that the

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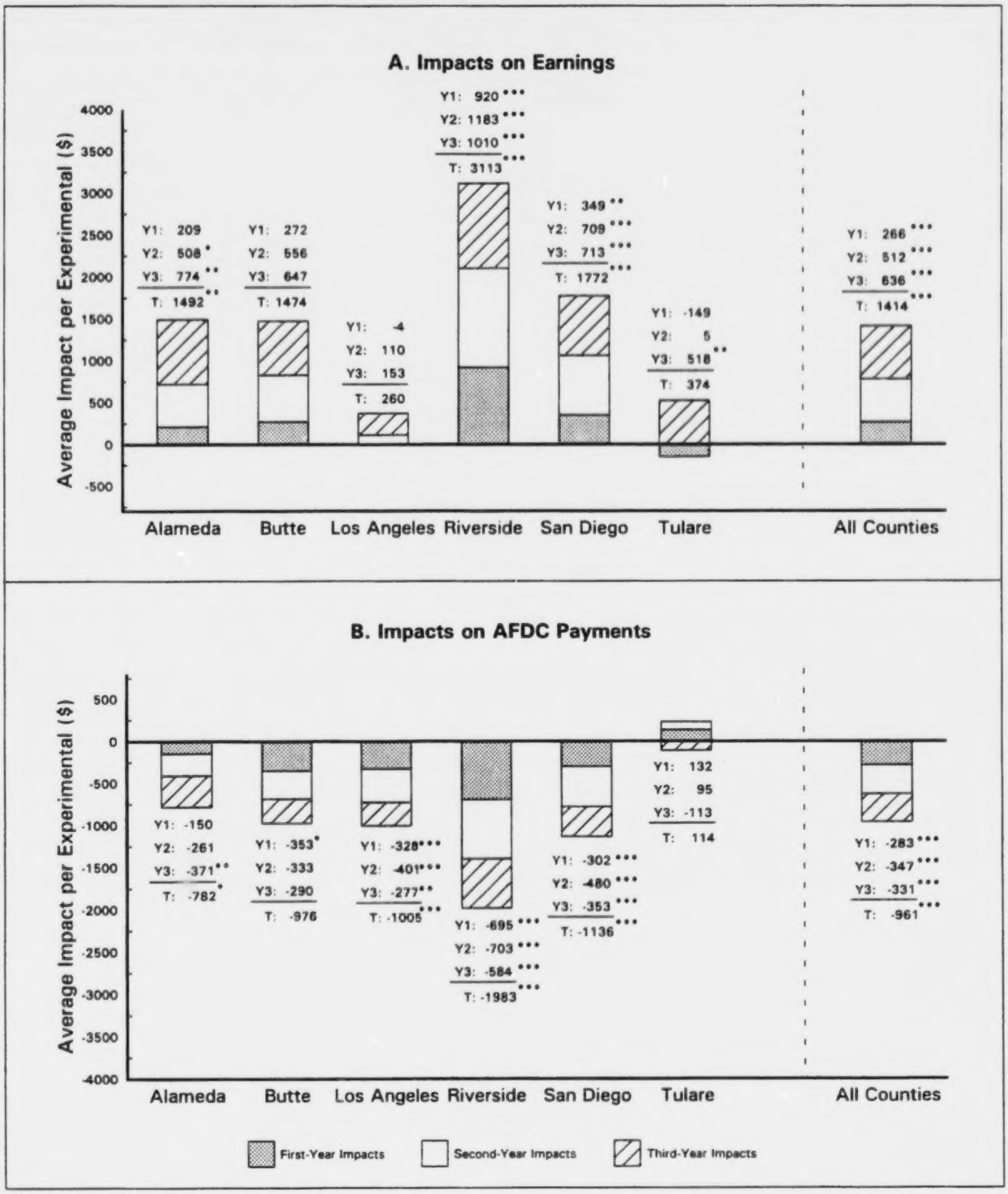
[2] As mentioned in Chapter 4, the cross-county variation in GAIN's impacts on three-year earnings and AFDC payments for the full sample of AFDC-FGs were found to be statistically significant.

## FIGURE 8.1

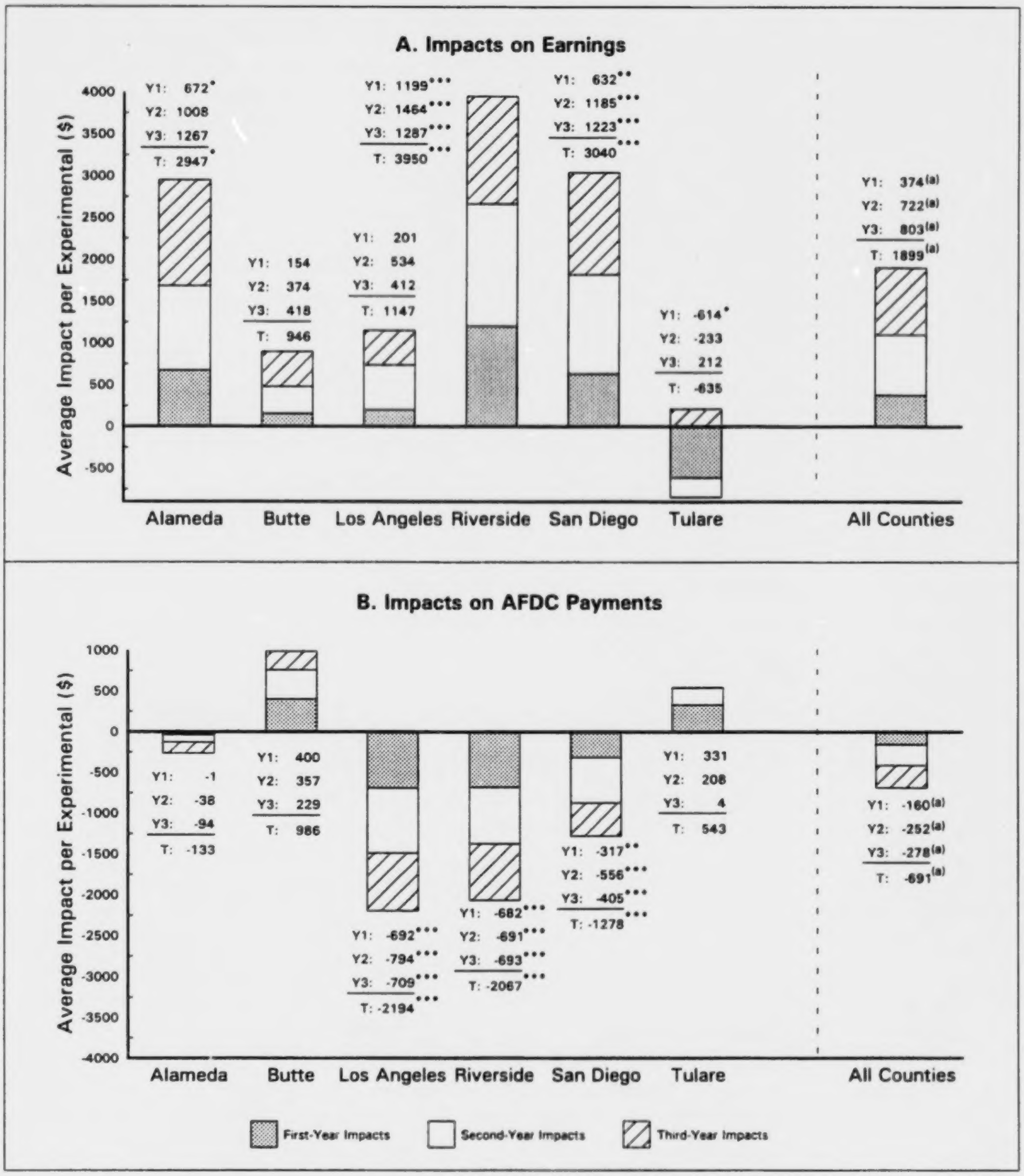
## SUMMARY OF GAIN's THREE-YEAR IMPACTS ON EARNINGS AND AFDC PAYMENTS FOR AFDC-FG REGISTRANTS



SOURCE AND NOTES: See Table 4.1.

FIGURE 8.2

FOR AFDC-FG REGISTRANTS DETERMINED NOT TO NEED BASIC EDUCATION: SUMMARY OF GAIN's THREE-YEAR IMPACTS ON EARNINGS AND AFDC PAYMENTS



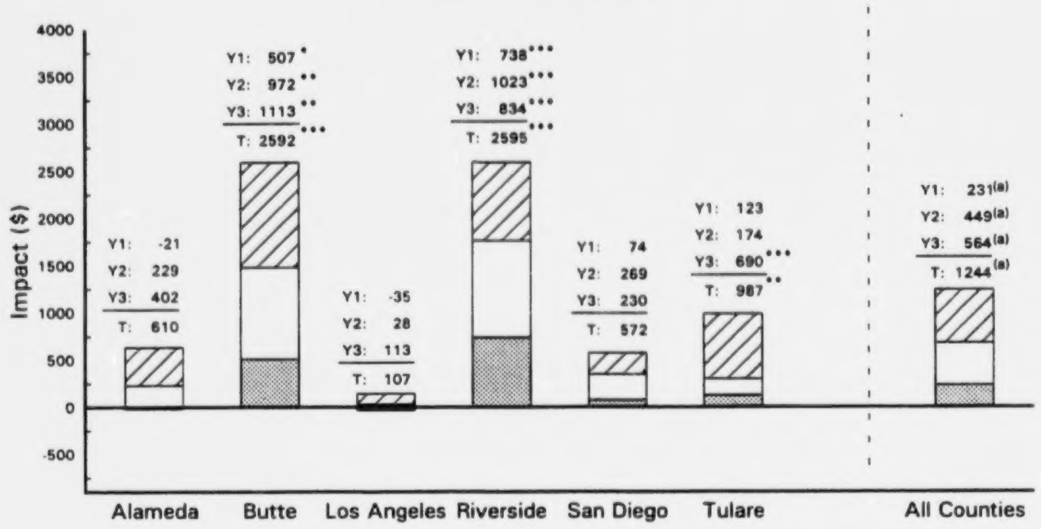
SOURCE AND NOTES: See Table 4.1.

(a) Tests of statistical significance of the experimental-control difference for all counties combined were not performed.

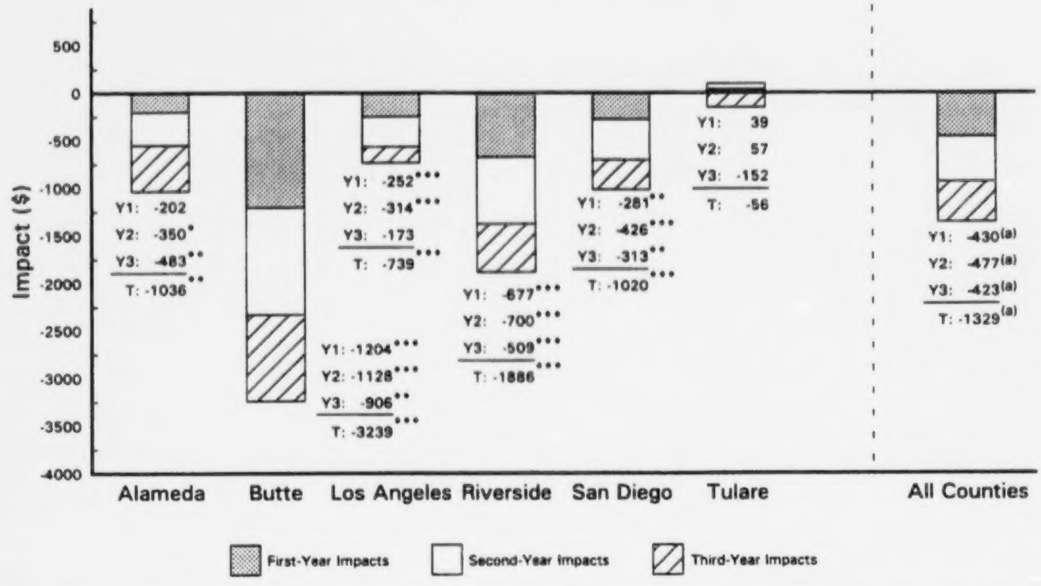
## FIGURE 8.3

## FOR AFDC-FG REGISTRANTS DETERMINED TO NEED BASIC EDUCATION: SUMMARY OF GAIN's THREE-YEAR IMPACTS ON EARNINGS AND AFDC PAYMENTS

A. Impacts on Earnings



B. Impacts on AFDC Payments



SOURCE: Table 4.5.
NOTES: See Table 4.1.

(a) Tests of statistical significance of the experimental-control difference for all counties combined were not performed.

## TABLE 8.1

## SUMMARY OF THE NET GAIN OR LOSS (NET PRESENT VALUE) PER AFDC–FG EXPERIMENTAL WITHIN FIVE YEARS AFTER GAIN ORIENTATION, BY ACCOUNTING PERSPECTIVE

| Sample and County | Accounting Perspective<br>Welfare Sample | <br>Government Budget | <br>Society |
|---|---|---|---|
| **All experimentals** | | | |
| Alameda | 1090 | −3054 | −2103 |
| Butte | 1585 | 54 | 1452 |
| Los Angeles | −1561 | −3442 | −5046 |
| Riverside | 1900 | 2936 | 4458 |
| San Diego | 948 | 767 | 1649 |
| Tulare | 1577 | −2261 | −819 |
| **Registrants determined not to need basic education** | | | |
| Alameda | 5328 | −6041 | −904 |
| Butte | 4702 | −3955 | 621 |
| Los Angeles | −2826 | 2892 | −11 |
| Riverside | 3235 | 3576 | 6328 |
| San Diego | 2925 | 2610 | 5235 |
| Tulare | 673 | −2812 | −2163 |
| **Registrants determined to need basic education** | | | |
| Alameda | −1199 | −2011 | −3299 |
| Butte | −820 | 4816 | 3656 |
| Los Angeles | −1162 | −4755 | −5941 |
| Riverside | 1111 | 2444 | 3246 |
| San Diego | −968 | −759 | −1590 |
| Tulare | 2333 | −2082 | 45 |

SOURCE AND NOTES: See Table 7.7.

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variation in impacts across the counties came about simply because the counties served different types of people? One way to address this question is to examine the county impacts *within the basic education subgroups*. Figures 8.2 and 8.3 show that, within these subgroups, there continued to be large cross-county variation in impacts. For example, when just registrants determined *not* to need basic education were compared, three counties (Alameda, Riverside, and San Diego) produced large and statistically significant earnings gains, while the other three counties did not. This suggests that factors other than the education needs of a county's registrants must be affecting the differences in impacts across counties.

Another way to assess the influence of serving different types of registrants involves re-estimating the earnings and welfare impacts for each county while statistically "controlling for" a host of demographic characteristics that varied across the counties' research samples. This kind of analysis (referred to as a "conditional impact analysis") is a way to estimate what the counties' impacts would have been if each county had served registrants who were similar in characteristics that are controlled for by the analysis. If the resulting cross-county patterns of impacts are consistent with the actual patterns estimated without these statistical adjustments, this would support the conclusion that county differences in three-year impacts were not simply a function of the types of individuals each county served.

Using this method to control for a variety of demographic characteristics,[3] earnings and welfare impacts were estimated for the full sample of AFDC-FG registrants. Although the magnitude of some county impacts did change somewhat within each of these groups, the overall pattern of results remained nearly the same. This can be seen in top panel of Table 8.2 by comparing the "conditional" results, which control for registrant characteristics, with the "unconditional" results.[4] For example, Riverside's earnings impacts remain larger than those of all other counties after controlling for registrant characteristics, while Los Angeles and Tulare continue to show much smaller impacts. There are some differences between the conditional and unconditional impacts, particularly on earnings in Butte and Alameda and on AFDC payments in Alameda. These differences suggest that demographic factors accounted for some differences in county effects. However, the overall pattern of results supports the interpretation that factors other than the characteristics of a county's registrants explain the county's three-year impacts (and, especially, that the more favorable results in Riverside were not due to the characteristics of its registrants).[5] Additional factors, including the local environment and the ways in which GAIN was implemented, are examined in the following sections.

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[3] Impact estimates for the full sample were obtained from an impact regression in which (in addition to the usual control variables) the following variable sets were interacted with the experimental group dummy: county, educational need subgroup, past welfare receipt subgroup, prior earnings, prior AFDC payments, receipt of a high school diploma, ethnicity, limited English proficiency, whether the sample member had a child under the age of 6, and whether the sample member was a refugee.

[4] The results in the unconditional column are similar to the main impact findings discussed in Chapter 4 and presented in Table 4.1. The minor differences in the results presented in the two tables come from the fact that the analysis pooled all of the counties' research samples together when estimating the county-specific impacts presented in Table 8.2, whereas for Table 4.1 it kept the county samples separate.

[5] A few caveats should be kept in mind. For one thing, controlling for still other demographic factors (achievement test scores in particular) might have caused more substantial changes in impacts, a possibility that has not yet been explored. Furthermore, it may be impossible even with this technique to know the influence of some *unmeasured* differences in the characteristics of each county's enrollees.

## TABLE 8.2

## SUMMARY OF GAIN's THREE-YEAR IMPACTS ON EARNINGS AND AFDC PAYMENTS FOR AFDC-FG REGISTRANTS, BY COUNTY AND GAIN OFFICE

| County and Office | Sample Size | Average Total Earnings Impact, Years 1-3 ($) |  | Average Total AFDC Impact, Years 1-3 ($) |  |
|---|---|---|---|---|---|
|  |  | Unconditional | Conditional | Unconditional | Conditional |
| **County-level analysis** |  |  |  |  |  |
| Alameda | 1205 | 1588 ** | 1265 (b) | -762 | 0 (b) |
| Butte | 1229 | 1693 * | 887 (b) | -951 | -952 (b) |
| Los Angeles | 4396 | 303 | 558 (b) | -976 *** | -803 (b) |
| Riverside | 5508 | 3142 *** | 4184 (b) | -2004 *** | -2699 (b) |
| San Diego | 8219 | 1740 *** | 1524 (b) | -1234 *** | -1217 (b) |
| Tulare | 2234 | 527 | 575 (b) | 217 | -39 (b) |
| **Office-level analysis** |  |  |  |  |  |
| Alameda | 1205 | 1589 ** | 1022 (b) | -763 | 177 (b) |
| Butte | 1229 | 1692 * | 792 (b) | -942 | -879 (b) |
| Los Angeles |  |  |  |  |  |
| San Fernando Valley (Region 2) | 635 | 2129 * | 1953 (b) | -1906 *** | -1620 (b) |
| San Gabriel Valley (Region 3) | 432 | 2276 | 2415 (b) | 127 | 357 (b) |
| Central (Region 4) | 1130 | 20 | -140 (b) | -581 | 37 (b) |
| Southern (Region 5) (a) | 1559 | -272 | -432 (b) | -1522 *** | -858 (b) |
| Southeastern (Region 6) | 640 | -1081 | -820 (b) | -134 | -186 (b) |
| Riverside |  |  |  |  |  |
| Riverside | 2530 | 2882 *** | 4387 (b) | -2152 *** | -3267 (b) |
| Hemet | 1450 | 3323 *** | 4496 (b) | -1240 ** | -1889 (b) |
| Rancho Mirage | 960 | 2545 ** | 3187 (b) | -2268 *** | -2459 (b) |
| Elsinore | 568 | 4886 *** | 6281 (b) | -2785 *** | -3462 (b) |
| San Diego |  |  |  |  |  |
| Metro GAIN | 571 | 2051 | 1206 (b) | -1855 * | -1737 (b) |
| Southeast | 1228 | 1285 | 1325 (b) | -849 | -505 (b) |
| Escondido | 873 | 3048 ** | 2193 (b) | -852 | -902 (b) |
| Oceanside | 536 | 2086 | 1391 (b) | -1794 * | -1666 (b) |
| Northeast | 1439 | 2744 *** | 2409 (b) | -616 | -337 (b) |
| South Bay | 1800 | 1232 | 1171 (b) | -1197 ** | -1273 (b) |
| El Cajon | 1409 | 1012 | 249 (b) | -1530 ** | -1509 (b) |
| Metro Refugee | 363 | 525 | 1192 (b) | -3419 *** | -3251 (b) |
| Tulare |  |  |  |  |  |
| Dinuba | 307 | -303 | -148 (b) | 431 | 70 (b) |
| Lindsay | 338 | 685 | 556 (b) | 568 | 357 (b) |
| Porterville | 567 | 1702 | 1573 (b) | -1247 * | -1374 (b) |
| Tulare | 503 | -222 | -334 (b) | 524 | 311 (b) |
| Visalia | 519 | 240 | 148 (b) | 1102 | 965 (b) |

SOURCE: See Table 4.1.

NOTES: (a) This region serves the low-income communities of Watts, Compton, and North Long Beach.
(b) A test of statistical significance was not performed.

## III. The Influence of the Local Environment

The expected influence of the local environment, particularly the labor market, on a welfare-to-work program's impacts is not clear.[6] A program operating in a strong labor market may have an easier time placing welfare recipients into jobs, but it is also possible that recipients may do just as well on their own (as reflected in the experiences of a control group) if jobs are plentiful, so that the net effect of the program will be low. Alternatively, a weak labor market might hinder the efforts of welfare recipients to find work (or better-paying or longer-lasting jobs) regardless of whether or not they are in a welfare-to-work program. Or a weak labor market may make the help provided by a welfare-to-work program more valuable, since it might be more difficult for registrants to locate and qualify for hard-to-find job openings on their own.[7] This report explores these hypotheses using several measures of the local labor market in each county.

### A. Unemployment Rate

The top panel of Table 8.3 presents unemployment rates for the six counties during much of the follow-up period for this study. It shows that the average unemployment rate during the period of random assignment and follow-up varied from under 6 percent in Alameda[8] and San Diego to 14 percent in Tulare. (See Table 1.1 for the year-by-year unemployment rates.)[9] However, this variation is not consistently related to the county impacts presented in the previous figures. As one illustration, Butte's average annual unemployment rate (9.2 percent) was about 4 percentage points higher than Alameda's (5.3 percent), yet both counties had nearly identical three-year impacts on earnings (Figure 8.1A). In general, a county's unemployment rate does not seem to have determined whether its impacts were larger or smaller.

### B. Growth in the Number of Employed Residents

An alternative measure of a county's labor market is the average annual rate of growth in the number of residents who are employed. An increase in this indicator may signal an expansion of opportunities to find work. Table 8.3 presents this information for each county for the period between July of the calendar year in which random assignment began in a county and July 1992. Riverside had the highest average annual growth rate, at 4.9 percent per year during the research period. However,

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[6] The influence of the labor market on impacts may be complex because the labor market influences not only the opportunities for experimentals and controls to find work, but also the types of individuals – in terms of their motivation to work, job skills, education levels, and employment barriers – who come onto welfare and into the program in the first place.

[7] In fact, a number of studies of earlier welfare-to-work programs have found greater impacts for enrollees who entered the programs during periods of economic downturns compared to those who entered under more favorable economic conditions, at least in urban areas. Overall, however, the evidence on the influence of the local economy on a program's impacts is quite limited. See Gueron and Pauly, 1991, p. 186.

[8] The unemployment rate in Oakland, where Alameda's GAIN office was located, appears to have been higher than in other parts of the county.

[9] Table 1.1 shows that in the last 12 months in which follow-up data were collected (July 1992 to June 1993), unemployment rates were lowest in Alameda (6.6 percent) and San Diego (7.7 percent). The rate exceeded 10 percent in Butte (11.9 percent), Los Angeles (10.1 percent), Riverside (12.8 percent), and Tulare (15.4 percent).

## TABLE 8.3

## SUMMARY OF SELECTED CHARACTERISTICS OF THE GAIN RESEARCH COUNTIES' LOCAL ENVIRONMENT, PROGRAM ORGANIZATIONAL CAPACITY, CASE MANAGEMENT PRACTICES, AND NET COSTS

| Variable | Alameda | Butte | Los Angeles | Riverside | San Diego | Tulare |
|---|---|---|---|---|---|---|
| **Local environment** | | | | | | |
| Average monthly unemployment rate, from July of county's first year of random assignment to June 1993 (%) | 5.3 | 9.2 | 7.7 | 9.3 | 5.6 | 14.1 |
| Average annual change in number of county residents employed, from July of county's first year of random assignment to July 1992 (%) | −1.1 | 1.5 | 0.8 | 4.9 | 1.1 | 2.3 |
| Annual change in number of county residents employed (%) | | | | | | |
| July 1988–July 1989 | 3.5 | 3.9 | 2.9 | 8.2 | 5.7 | 2.6 |
| July 1989–July 1990 | −2.5 | −1.0 | 6.3 | 7.8 | −2.7 | 4.9 |
| July 1990–July 1991 | −2.4 | −2.7 | −2.2 | −0.8 | 0.2 | −1.5 |
| July 1991–July 1992 | 1.6 | 5.6 | −1.8 | 4.3 | 1.1 | 3.6 |
| Population living in rural areas, 1990 (%) | 0.3 | 14.8 | 0.9 | 14.4 | 4.4 | 32.7 |
| Employed in agriculture, 1990 (%) | 1.0 | 6.1 | 1.3 | 4.4 | 2.4 | 18.7 |
| AFDC–FG control group members ever employed during years 1–3 of follow–up | 40.8 | 63.7 | 34.9 | 53.4 | 56.5 | 55.3 |
| **Organizational capacity** | | | | | | |
| Job club service provider (a) | EDD | GAIN (on–site) | EDD | EDD (on–site) | EDD/GAIN (on–site) | GAIN (on–site) |
| Registrant–to–case manager ratio reported by case managers (b) | | | | | | |
| First staff survey wave | 76.4 | 60.5 | 101.0 | 43.1/76.7 (c) | 91.6 | 124.9 |
| Second staff survey wave | 72.9 | 65.8 | 145.2 (d) | 63.7/124.1 (c) | 114.9 | 87.6 |
| Combined average from first and second wave | 74.7 | 63.2 | 127.9 | 53.0/96.7 (c) | 103.4 | 100.3 |

(continued)

TABLE 8.3 (continued)

| Variable | Alameda | Butte | Los Angeles | Riverside | San Diego | Tulare |
|---|---|---|---|---|---|---|
| Special case managers for basic education participants? | No | No | No | No | Yes | No |
| Special GAIN counselors on-site at any education or training provider? | No | Yes | No | No | No | Yes |
| Job placement bonuses or standards for case managers? | No | No | Bonus payments | Placement standards | No | No |
| Staff who rated availability of a particular GAIN service as high (%) | | | | | | |
| Job search | 89.8 | 96.5 | 80.8 | 92.1 | 94.4 | 82.1 |
| Basic education | 94.5 | 77.2 | 82.5 | 82.3 | 63.6 | 90.5 |
| Vocational education and training | 79.7 | 82.5 | 28.7 | 54.4 | 83.7 | 76.8 |
| Staff who rated a particular GAIN service as worthwhile for assigned registrants (%) | | | | | | |
| Job search | 60.3 | 80.7 | 27.9 | 65.1 | 76.5 | 78.6 |
| Basic education | 61.5 | 35.7 | 56.7 | 47.9 | 73.7 | 79.0 |
| Vocational education and training | 51.7 | 71.4 | 48.6 | 23.0 | 52.6 | 68.3 |
| Selected staff background characteristics | | | | | | |
| Average age (years) | 45.2 | 39.5 | 34.0 | 39.9 | 41.8 | 38.8 |
| Bachelor's degree or higher (%) | 79.7 | 70.2 | 96.0 | 43.1 | 86.3 | 29.7 |
| Previously worked in a WIN, JTPA, or other job training program (%) | 20.3 | 38.6 | 38.4 | 50.4 | 62.7 | 20.2 |
| Previously worked as an Income Maintenance worker (%) | 89.7 | 57.1 | 17.5 | 47.0 | 67.8 | 60.7 |
| Level of timeliness of monitoring information | Lower | Lower | Medium | Higher | Higher | Higher |

(continued)

## TABLE 8.3 (continued)

| Variable | Alameda | Butte | Los Angeles | Riverside | San Diego | Tulare |
|---|---|---|---|---|---|---|
| **Case management practices** | | | | | | |
| Emphasis on quick employment | Lower | Lower | Medium | Much Higher | Medium | Medium |
| Emphasis on formal enforcement | Much Lower | Lower | Much Higher | Much Higher | Medium | Lower |
| Emphasis on personalized attention | Higher | Higher | Lower | Lower | Medium | Higher |
| **Net costs** | | | | | | |
| Estimated five-year net cost per AFDC-FG experimental for GAIN and non-GAIN employment-related services ($) | | | | | | |
| For the full sample | 5597 | 2904 | 5789 | 1597 | 1912 | 2734 |
| For registrants determined not to need basic education | 7161 | 3046 | 2525 | 1065 | 886 | 2265 |
| For registrants determined to need basic education | 5018 | 2812 | 6388 | 1969 | 2726 | 2975 |

SOURCE: See Tables 1.1, 2.10, 2.12, 3.5, 3.6, and 4.1, and Figure 2.3; MDRC Staff Activities and Attitudes Survey; and MDRC field research.

NOTES: (a) EDD refers to the Employment Development Department, California's employment service agency. In Alameda and Los Angeles, job club workshops were conducted by EDD staff at local EDD offices. In Riverside, EDD staff conducted these workshops at the GAIN offices until July 1991, after which GAIN staff took over this function. In San Diego, EDD staff conducted the job club workshops at the GAIN offices and were assisted by GAIN staff.

(b) These caseload sizes are the averages reported by staff on two waves of the staff survey and include the number of active and deferred registrants assigned to staff who performed ongoing case management duties. Within each county, the first wave of the survey was administered at approximately one year after the county began enrolling registrants into the GAIN program, and the second wave was administered at about two years after enrollment commenced.

(c) There are two ratios in Riverside because of the special test being conducted there to determine the effects of more intensive case management and monitoring. The first ratio is for the "low-caseload" group and the second is for the "higher-caseload" group. The weighted average for the two groups for both survey waves combined is 82.

(d) Caseloads were not normally this large; this estimate may have been affected by the timing of the second wave of the staff survey.

as the table shows, growth rates were highest in that county early in the study period and, in one of the four years covered, growth rates were slightly negative. Tulare had the next highest growth rate (2.3 percent). Growth rates were noticeably lower in the other four counties: 1.5 percent in Butte, 1.1 percent in San Diego, .8 percent in Los Angeles, and −1.1 percent in Alameda.

Employment growth rates may have a greater effect on GAIN's impacts than does a county's unemployment rate. For example, it is possible that Riverside's higher average growth rate may have contributed to its impacts. At the same time, Riverside's impacts were consistently large during *each* year of the follow-up period, even though its economic growth rate varied over time. Furthermore, as the bottom panel of Table 8.2 shows, Riverside's three-year earnings impacts were large and positive in each of the four localities (represented by different offices) included in the evaluation, despite the fact that economic conditions varied markedly among these areas.[10] These findings cast doubt on Riverside's growth rate as an explanation for the impact of its GAIN program.

Comparisons across the other counties also suggest that GAIN's effectiveness is not determined by local economic conditions. For example, Figure 8.2A shows that, for AFDC-FGs determined *not* to need basic education, both Alameda and San Diego had impacts on earnings, despite Alameda's negative growth rate and San Diego's low growth rate. In addition, despite Butte and San Diego having had fairly similar patterns of economic growth, Butte produced large impacts on registrants determined to need basic education and San Diego did not.[11]

### C. Control Group Earnings

The control group's earnings are also a useful gauge of both local economic conditions and the propensity of sample members to earn income in the absence of GAIN. These earnings were determined by the opportunities to find work in the local labor market; by the quality of jobs available; by the motivation, skills, and barriers to employment of individuals looking for work (either in their own county or in another locality); and by other individual and local labor market factors. Because members of the control group did not have access to GAIN services and were not subject to its mandate, their average earnings represent what the experimentals would have earned without the program's influence. Thus, a finding that the control group's earnings were strongly related to GAIN's impacts across the counties would support the hypothesis that the county variation in impacts was shaped by county differences in the types of people they served, their local economies, or a combination of these two factors.

The evidence shows that the variation in three-year earnings impacts was *not* strongly and consistently related to the level of the control groups' earnings. Figure 8.4 presents average earnings in follow-up year 3 in each county for the full sample of AFDC-FGs, and for the two basic education

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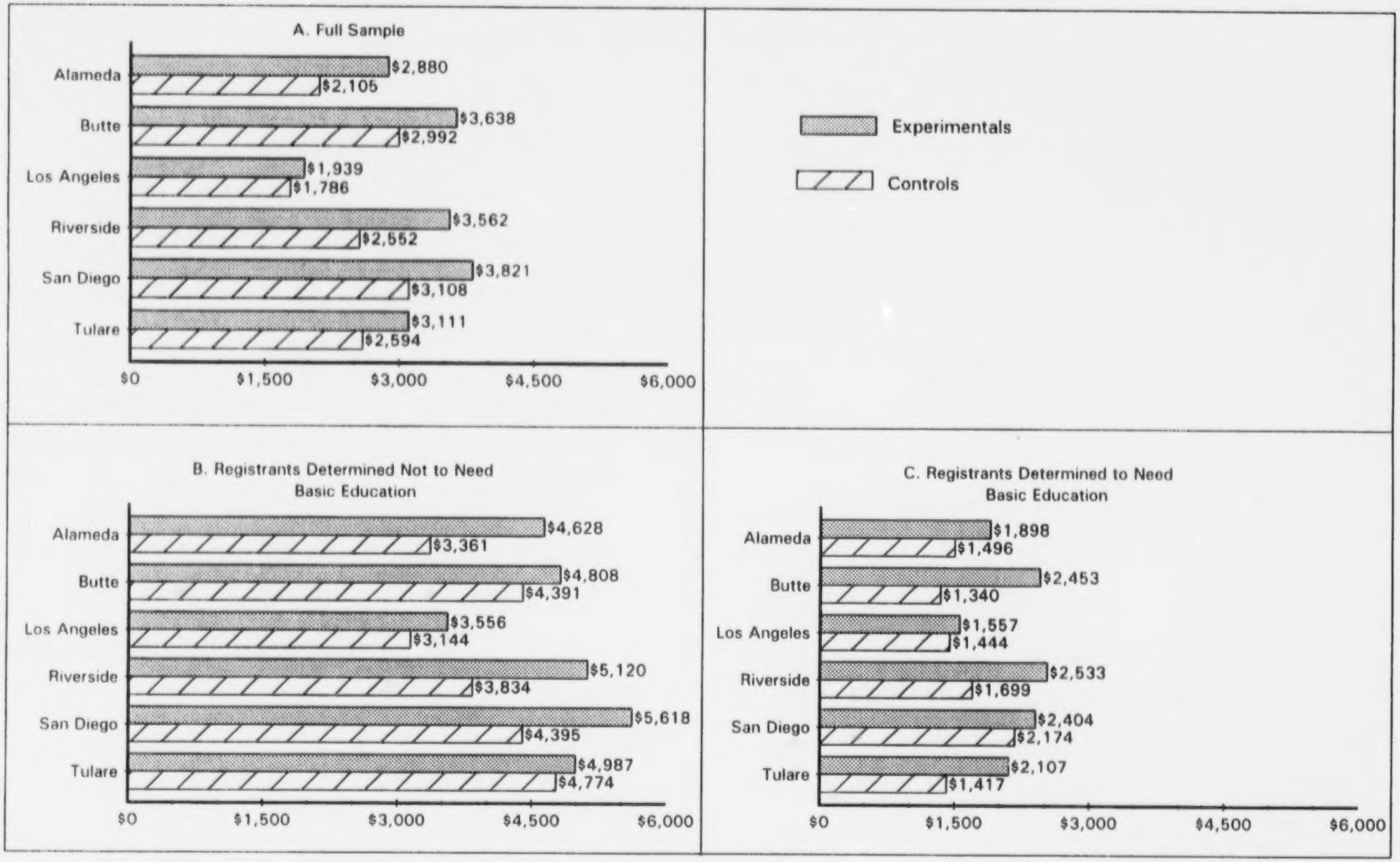
[10] For example, the Hemet and Elsinore offices are located in more rural areas of the county, while the Riverside office is located in a more urban and suburban area.

[11] It should be noted that some of these interpretations differ from those discussed in the report on GAIN's two-year impacts (Friedlander, Riccio, and Freedman, 1993), which considered the possibility that Tulare's consistent absence of impacts may have been due to the poor state of the economy in that county, and that the economy might have had a more important influence on AFDC-FGs determined to need basic education. The longer-term impact data and updated information on county employment growth rates appear to weaken those interpretations.

## FIGURE 8.4

## COMPARISON OF YEAR 3 EARNINGS AMONG AFDC-FG EXPERIMENTALS AND CONTROLS, BY SELECTED SUBGROUPS



SOURCE: Tables 4.1, 4.4, and 4.5.

NOTES: See Table 4.1.

subgroups. The experimental group's earnings are represented by the shaded bars; the control group's earnings by lined bars. A county's impact is indicated by the *difference* between the lengths of the two bars. As Figure 8.4B illustrates for those determined not to need basic education, the control group's earnings in Alameda and Los Angeles were nearly identical. But the experimentals' earnings, and hence the counties' impacts, differed substantially. Figure 8.4C shows that, for AFDC-FGs determined to need basic education, five of the six counties (San Diego was the exception) had control groups with comparable earnings but that these counties produced widely different impacts. Figure 8.4 reveals no overall pattern of counties with larger impacts also having had control groups with higher average earnings. These findings further support the proposition that three-year impacts were not solely a function of the types of individuals counties served or local economic conditions – at least as far as these could be measured for this study.

This is not to say, however, that local conditions or the characteristics of a county's registrants do not matter at all. It is possible that characteristics not measured by this study do play a role. For example, Table 8.2 shows the three-year earnings impacts across GAIN offices serving different regions of Los Angeles County. Two offices – the San Fernando Valley and San Gabriel Valley offices, both of which served communities outside the central city – produced impacts exceeding $2,000, while the other three offices (including the large Southern office that served Watts and other low-income communities) appear to have had no effect or a negative effect. This study cannot rule out with certainty the possibility that *unmeasured* variation in registrants' demographic characteristics, attitudes, or personal situations, or in the characteristics of their local communities, might have contributed to this type of variation.

## IV. The Relationship Between County Participation Patterns and County Impacts

If county differences in the types of people they served and the characteristics of their local environment – at least as far as these dimensions could be measured for this report – do not satisfactorily explain the county variation in three-year impacts, it is important to ask whether differences in the GAIN treatment across the counties may have affected these impacts.

Table 8.4 examines experimental-control differences in the use of employment-related services over a two- to three-year follow-up period. The following discussion will focus on the results for each basic education subgroup, since these subgroups represent different types of people who, in keeping with the GAIN model, were directed toward different service paths in the GAIN program. In addition, the discussion considers the role of registrants' participation in only three types of activities – job search, basic education, and vocational training and post-secondary education – since these were the most commonly used activities.

### A. Results for Registrants Determined Not to Need Basic Education

1. **The influence of participation in job search.** Among AFDC-FGs who were determined *not* to need basic education, the cross-county comparisons do not point to a strong, consistent relationship between a county's impact on the percentage of registrants who participated in job search within two to three years after random assignment and the county's three-year earnings impact. For example, the second panel of Table 8.4 shows that Alameda increased experimentals' rate of participation in job search (i.e., compared to the control group rate) by 52 percentage points, while

## TABLE 8.4

## SUMMARY OF GAIN'S IMPACTS ON AFDC–FG REGISTRANTS' PATTERNS OF PARTICIPATION IN SELECTED EMPLOYMENT–RELATED ACTIVITIES WITHIN TWO TO THREE YEARS AFTER ORIENTATION, AND GAIN's THREE–YEAR IMPACTS ON THEIR EARNINGS AND AFDC PAYMENTS

| Sample and Outcome | Alameda | Butte | Los Angeles | Riverside | San Diego | Tulare |
|---|---|---|---|---|---|---|
| **Full sample** | | | | | | |
| Impact (in percentage points) on percent who participated in: (a) | | | | | | |
| Job search activities | 28.0 | n/a | 9.8 | 36.6 | 26.2 | 22.5 |
| ABE/GED | 35.4 | n/a | 21.4 | 15.9 | 13.7 | 31.6 |
| ESL | 2.8 | n/a | 10.5 | 2.3 | 2.4 | 2.5 |
| Vocational training or post–secondary education | 5.3 | n/a | 2.7 | −1.8 | 3.0 | 7.4 |
| Impact on average number of months participating in: | | | | | | |
| ABE/GED | 3.0 | 1.3 (b) | 2.4 | 0.7 | 0.7 | 3.0 |
| ESL | 0.4 | 0.7 (b) | 1.0 | 0.2 | 0.2 | 0.3 |
| Vocational training or post–secondary education | 1.2 | −0.2 (b) | 0.5 | −0.2 | 0.5 | 1.0 |
| Impact on total earnings (years 1–3) ($) | 1492 ** | 1474 | 260 | 3113 *** | 1772 *** | 374 |
| Impact on total AFDC payments (years 1–3) ($) | −782 * | −976 | −1005 *** | −1983 *** | −1136 *** | 114 |
| **Registrants determined not to need basic education** | | | | | | |
| Impact (in percentage points) on percent who participated in: (a) | | | | | | |
| Job search activities | 52.3 | n/a | 22.9 | 47.8 | 34.0 | 43.4 |
| Vocational training or post–secondary education | 16.4 | n/a | 4.6 | −2.4 | 4.8 | 12.1 |
| Impact on average number of months participating in vocational training or post–secondary education | 3.0 | −0.0 (b) | 0.8 | −0.0 | 0.8 | 1.8 |
| Impact on total earnings (years 1–3) ($) | 2947 * | 946 | 1147 | 3950 *** | 3040 *** | −635 |
| Impact on total AFDC payments (years 1–3) ($) | −133 | 986 | −2194 *** | −2067 *** | −1278 *** | 543 |

(continued)

## TABLE 8.4 (continued)

| Sample and Outcome | Alameda | Butte | Los Angeles | Riverside | San Diego | Tulare |
|---|---|---|---|---|---|---|
| **Registrants determined to need basic education** | | | | | | |
| Impact (in percentage points) on percent who participated in: (a) | | | | | | |
| Job search activities | 15.8 | n/a | 7.4 | 31.3 | 19.9 | 11.5 |
| ABE/GED | 51.8 | n/a | 25.7 | 24.4 | 25.3 | 48.2 |
| ESL | 4.1 | n/a | 12.7 | 1.7 | 5.0 | 4.1 |
| Vocational training or post-secondary education | 0.2 | n/a | 3.1 | −1.2 | 1.8 | 4.0 |
| Impact on average number of months participating in: | | | | | | |
| ABE/GED | 4.4 | 2.4 (b) | 2.9 | 1.1 | 1.3 | 4.6 |
| ESL | 0.6 | 1.4 (b) | 1.2 | 0.2 | 0.4 | 0.6 |
| Vocational training or post-secondary education | 0.4 | −0.2 (b) | 0.6 | −0.3 | 0.4 | 0.5 |
| Impact on total earnings (years 1−3) ($) | 610 | 2592 *** | 107 | 2595 *** | 572 | 987 ** |
| Impact on total AFDC payments (years 1−3) ($) | −1036 ** | −3239 *** | −739 *** | −1886 *** | −1020 *** | −56 |

SOURCE: Tables 2.5, 2.6, 4.1, 4.4, and 4.5; calculations using data from the MDRC participant flow study and the GAIN registrant survey.

NOTES: A two-tailed t-test was applied to differences in total eanings and total AFDC payments between experimental and control groups. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; * = 10 percent.

Tests of statistical significance of the difference between the experimental and control groups in relation to measures of participation were not performed.

Where data are not available, "n/a" is used.

(a) The percentage-point difference (which is not the same as the percentage change) is derived by subtracting the control group's rate of participation in a specified activity from the experimental group's rate of participation in the same activity.

(b) Results are based on average number of months participating within five years after orientation; data for average number of months participating within two to three years after orientation were not available.

San Diego's impact, at 34 percentage points, was noticeably smaller. Yet, the two counties had virtually the same three-year earnings impacts for the not-in-need subgroup ($2,947 and $3,040, respectively). Moreover, Tulare had an impact on the rate of participation in job search that was nearly as high as Riverside's, yet its three-year earnings impacts were actually negative for this subgroup (although not statistically significant), while Riverside's were the largest of the six counties.[12]

The simple fact of participation in job search may not be not enough, by itself, to produce impacts on earnings, as the Tulare example suggests. Perhaps the "message" about employment that program staff communicate in job search classes and at other times is also important.

As discussed in Chapter 2, Riverside's strong emphasis on "quick job entry" – reinforced by job placement standards for case managers and a strong job development component – was an important feature that distinguished its program from other counties' programs. (For a summary of the counties' rankings on this and other implementation dimensions, see Table 8.3.) Data from the registrant survey offer some corroboration of this portrait of Riverside's approach. When respondents were asked, "How much did the GAIN staff push you to get a job quickly, even before you felt ready," 47 percent of those in the not-in-need subgroup in Riverside who answered this question answered "high" (7 to 10 on a 10-point scale). Over 36 percent of respondents in the not-in-need subgroup in San Diego also answered "high," while the percentages were much lower in the other counties. In Tulare, only 15 percent of respondents in this subgroup indicated they felt "pushed" to take a job quickly; this might be a reason why, despite its large impact on the rate of participation in job search, Tulare did not produce a positive effect on earnings.

An understanding of the employment "message" that Alameda communicated to registrants also raises questions about the contribution that county's large impact on the rate of participation in job search made to its sizable earnings impact for AFDC-FGs determined not to need basic education. Chapter 2 explained that Alameda's participants in job clubs were not routinely expected to use that activity to find a job that they would take immediately, but, instead, to use it as an "informational experience" for learning about the kinds of jobs that were available, the kinds of credentials employers required, the wages that would be paid, and so on, and to use this information in selecting a vocational training or post-secondary education activity. This may be why in Alameda only 16 percent of respondents in the not-in-need-of-basic-education subgroup indicated on the above survey question that GAIN staff had "pushed" them to take a job quickly. This is not to say, of course, that some participants did not use job search as a route to immediate employment, only that they may not have been under the same degree of pressure to do so as in Riverside and San Diego. While it is impossible in this study to determine the relative importance of any single component, Alameda's approach to job search suggests that its earnings impacts may have resulted as much or more from other factors, such as its impact on the use of vocationally oriented education and training, which is discussed next.

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[12] The participation data available for Butte (where the registrant survey was not conducted because of a limited survey budget) were not suitable for computing impacts on the rate of participation in a given component within the two- to three-year period. However, it is possible to produce reasonable approximations of these rates for job search and basic education activities if the following assumptions can be made: that the experimental group's two- to three-year rates of participation in job search and basic education were not likely to be much higher than the rates determined from the 11-month casefile tracking data discussed in Chapter 2 (as appears to have been the case in the other counties); that experimentals in Butte, as in the other counties, seldom participated in these two types of activities after leaving the GAIN program; and that the control group in Butte had rates of participation in job search and basic education as low as the rates among controls in the other counties. For registrants determined not to need basic education, the experimental group's rate of participation in job search in Butte was about 33 percent, based on the casefile data. The control group's two- to three-year rate of participation in job search across the other five counties was estimated to be about 4 percent. Thus, if the above assumptions are true, which seem reasonable, Butte's impact on the rate of job search participation would be about 29 percentage points. If this estimate were off by up to 25 percent in either direction (an extreme assumption), Butte's impact would fall in the range of 22 to 36 percentage points. Thus, it seems likely that Butte's actual impact was closer to Los Angeles's and San Diego's than to the other counties' impacts on this measure.

2. **The influence of participation in vocational training or post-secondary education.** GAIN registrants could take part in a number of education and training activities. As discussed in Chapter 2, these included self-initiated education and training and post-assessment activities, which were typically vocationally oriented courses at community colleges, adult schools, and other training centers and schools. Moreover, according to data from the registrant survey, many registrants took part in similar types of activities on their own after they were no longer in the GAIN program.

These activities comprised almost all of the education and training for experimentals determined *not* to need basic education, who used them widely. Across five counties (i.e., not including Butte, where the participation rate was not determined), 43 percent of all experimentals in this subgroup were estimated to have participated in such activities within two to three years after orientation. (See Chapter 2, Table 2.7.) At the same time, controls in most counties were almost as likely as experimentals to have done so (36 percent across the five counties), even without the assistance of the GAIN program. Alameda and Tulare had the largest *impact* on the rate of participation in those activities (16 and 12 percentage points, respectively), and Alameda produced the largest increase of all five counties (3 months) in the average number of months of participation in the activity per experimental (Table 8.4). In addition, Alameda produced a small increase (6 percentage points, although this was not statistically significant) on the proportion of registrants in this subgroup receiving a trade certificate during the follow-up period, and a small but statistically significant increase (3 percentage points) on receipt of a Bachelor's degree. (See Chapter 2, Table 2.9.) (San Diego was the only other county to produce a statistically significant increase on the receipt of a credential for the not-in-need-of-basic-education subgroup – a 5 percentage point increase in the proportion receiving an Associate's degree.)

Alameda's impact on the use of vocational training or post-secondary education may thus help to explain its overall positive earnings gains for the not-in-need subgroup. In contrast, Riverside produced no net increase in the percentage of experimentals in this subgroup who participated in vocational training or post-secondary education; if anything, it seems to have slightly reduced the use of those services by experimentals. The comparison of Alameda with Riverside thus suggests that these two counties may have achieved impacts on earnings gains for the subgroup in different ways.[13] Yet, because Alameda's earnings gains were not accompanied by welfare savings, as was the case in Riverside, and because of the net expense of the Alameda experimental group's extra months of participation in education and training, the Alameda strategy was a costlier one from the perspective of government budgets, as reflected in the benefit-cost findings presented in Table 8.1.

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[13] It is interesting to note that the impacts Riverside and San Diego had on earnings for the early cohorts of the not-in-need subgroup were sustained in the fourth year of follow-up. (See Chapter 4.) Alameda's early cohort does not have a full fourth year of follow-up to permit an accurate comparison to be made with the longer-term effects in Riverside and San Diego.

### B. Results for Registrants Determined to Need Basic Education

1. **The influence of participation in job search.** Two of the six counties – Butte and Riverside – had large and statistically significant three-year earnings effects for AFDC-FG registrants determined to need basic education. Table 8.4 shows that, of all the counties, Riverside had the largest impact on experimentals' rate of participation in job search activities, increasing that rate by 31 percentage points above the control group rate. While it is possible that this effect contributed to Riverside's earnings impact for the in-need subgroup, the findings in the other counties do not indicate a consistent association between a county's effects on the use of job search and its earnings impacts. For example, although Butte's impact on the rate of participation in job search has not been determined (owing to limitations of the data available for that county), a reasonable estimate places it at a much lower level than Riverside's.[14] Moreover, Tulare, which produced a statistically significant earnings impact on this subgroup of $690 in the third year of follow-up, had an impact of only 12 percentage points on the rate of participation in job search, which is lower than the 20 percent impact in San Diego, which did *not* produce a statistically significant earnings effect.

This pattern of findings across the counties suggests that factors other than, or in addition to, a county's impact on job search may determine its earnings effects. Another consideration in this regard is that, judging from the findings of past research on welfare-to-work programs,[15] the magnitude of Riverside's impacts on earnings for the in-need subgroup seem too large to have been solely the product of its effects on the use of job search.

2. **The influence of participation in basic education.** Across all six counties, a somewhat higher or substantially higher proportion of AFDC-FGs in need of basic education took part in ABE/GED activities than in job search or in vocational training or post-secondary education. (A smaller proportion participated in ESL classes.) Interestingly, the county comparisons suggest that large impacts on the rate of participation in basic education activities, or on the per-experimental average number of months participating in those activities, do not correspond to large three-year earnings impacts (see Figure 8.3 and Table 8.4). For example, while Riverside had effects on the rate of participation in ABE/GED classes (24 percentage points) and on the average number of months participating in them (1.1 months per experimental) comparable to the effects on those measures in San Diego, it produced much larger earnings gains. Moreover, Alameda, which had the largest impact on the use of ABE/GED (increasing the rate of participation by 52 percentage points and the number

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[14] Following the same kinds of assumptions discussed in footnote 12, a rough approximation of Butte's two- to three-year impact on job search for the in-need subgroup can be made. The 11-month participation rate for experimentals, based on Butte's GAIN tracking data, was about 6 percent. The average rate of the controls' participation in job search in the other five counties was only about 3 percent. If these two rates accounted for all of the participation among experimentals and controls, respectively, in Butte's in-need-of-basic-education subgroup, Butte's impact on job search would be 3 percentage points. If this estimate were off in either direction by 25 percent, the impact would fall within the range of 2 percentage points to almost 4 percentage points. Although the actual impact is not known, it seems unlikely that it would approach Riverside's 31 percentage point impact.

[15] See Gueron and Pauly, 1991.

of months participating by 4.4 months per experimental), had a relatively small impact on earnings for this subgroup.[16]

The positive results for Butte and Riverside are particularly striking because these two counties adopted such *different* strategies for implementing GAIN. Furthermore, it seems unlikely that their positive effects came from exposing basic education participants to education activities or schools of exceptional quality. Although quality is very difficult to judge, it is notable that responses to a relevant staff survey question, which asked case managers "how worthwhile" they believed the basic education services in their county to be for the registrants assigned to them, suggest just the opposite. As shown in Table 8.3, only 36 percent and 48 percent of the staff in Butte and Riverside, respectively, gave a high rating to basic education, compared to 57 percent to 79 percent in the other four counties. (Ratings of basic education were especially high in San Diego and Tulare.)[17]

The influence of participation in basic education on the earnings impacts that these two counties produced for the registrants determined to need basic education thus remains open to question. The issue is especially perplexing in Riverside, where evidence from MDRC's special report on GAIN basic education detected no evidence that, on average, the program increased the reading or math ability of sample members in this subgroup, as measured by a literacy test administered as part of the registrant survey.[18] Furthermore, it appears that the Riverside program did not increase the likelihood that experimentals (compared to controls) would obtain a GED or high school diploma during the survey follow-up period (see Chapter 2, Table 2.9).[19] At the same time, as previously mentioned, the magnitude of Riverside's impacts on earnings for this subgroup seem too large to have been the product simply of its impacts on job search participation rates.

A number of hypotheses can be offered, although none of them can be tested with the data available for this study. One possibility, of course, is that the literacy test used to assess sample members' basic skills did not measure other kinds of learning produced by GAIN's basic education activities that may have helped prepare registrants to look for, compete for, and perform work. Or it may be that participation in GAIN basic education in Riverside influenced the labor market behavior and opportunities of participants in ways that had little to do with improving their basic literacy skills. For example, perhaps it strengthened their self-confidence and expectations of success in the labor market, and perhaps those changes in attitudes emboldened them to look for work more seriously or diligently than they would have in the absence of GAIN. This type of attitudinal change might have been enhanced in Riverside if, while participating in education activities, registrants continued to be subjected to Riverside's strong employment message through their ongoing contacts with GAIN case managers. (In this regard, it is interesting to note that about 40 percent of Riverside's respondents in the in-need-of-basic-education subgroup gave a "high" response to the question, discussed above, about how much GAIN staff "pushed" them to take a job quickly – a higher percentage than in the other counties.) Participants' motivation to work might also have been enhanced through interactions with teachers and peers at their schools. Also, as GAIN participants, experimentals taking part in basic education activities continued to have access to the GAIN staff's direct assistance with job development, which may have increased their success in locating job openings.

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[16] Following the same kinds of assumptions discussed in footnote 12, a rough approximation of Butte's two- to three-year impact on the rate of participation in ABE/GED for the in-need subgroup can be made. The 11-month participation rate for experimentals, based on Butte's GAIN tracking data, was about 21 percent (see Martinson and Friedlander, 1994, Table 3.2). The average rate of the controls' participation in ABE/GED in the other five counties was only about 7 percent. If these two rates accounted for all of the participation among experimentals and controls, respectively, in Butte's in-need-of-basic-education subgroup, Butte's impact on ABE/GED would be 14 percentage points. If this estimate were off in either direction by 25 percent, the impact would fall within the range of 11 percentage points to almost 18 percentage points. Although the actual impact is not known, it seems unlikely that it would exceed Riverside's 24 percentage point impact.

[17] In San Diego, the results reflect the very high regard case managers had for the GAIN Learning Centers, which provided individualized and computer-aided instruction, for GAIN students. The schools in Tulare also provided a great deal of individualized instruction, in some cases making extraordinary efforts to cultivate a supportive environment for learning in classrooms devoted exclusively to GAIN students.

[18] See Martinson and Friedlander, 1994.

[19] Information on skills gains and educational attainment was not available in Butte because MDRC's GAIN registrant survey was not fielded in that county.

A different type of hypothesis is suggested by the finding, discussed in previous MDRC reports, that Riverside's registrants who were determined to need basic education and who participated in a GAIN activity were more likely than those in other counties to have participated in job search as their initial assignment.[20] Perhaps this strategy allowed the program to divert from basic education individuals who were able to find employment without that intervention.[21] A similar "sorting" effect might also have occurred in Butte, though for an entirely different reason. As mentioned in Chapter 2, Butte created a waiting list for assignment to GAIN activities as a way of keeping registrant-to-staff caseloads low. One consequence of this waiting list was that some people who were capable of finding jobs on their own, but who might have been assigned to basic education, entered the labor market during this waiting period and avoided the opportunity cost (and, perhaps for them, the uncertain payoff) of participating in a basic education assignment.

Another consideration (which could apply more broadly across the counties and across subgroups) is that Butte's and Riverside's earnings impacts for the in-need subgroup might have come about in part because their programs may have affected the behavior of *nonparticipants* as well as participants. For example, GAIN's participation obligation may have encouraged some individuals to seek a part-time or full-time job, or simply to leave welfare, in order to avoid going to school or to another GAIN activity. A "deterrence effect" of this type, if it existed, might also have affected the behavior of some participants who, after having participated in the activity for a short time, may have decided that working (and/or leaving welfare) was preferable to going back to school as an adult.

## V. The Influence of Responding to Noncompliance Through Formal Enforcement

Chapter 2 showed that the counties varied in their use of GAIN's formal mechanisms for enforcing the program's participation mandate. This process begins when a registrant who has failed to attend an assigned activity without good cause is placed in a "conciliation process" involving case managers and supervisors, and it ends, if compliance with the participation mandate is not achieved, with the imposition of a financial penalty in the form of a sanction (i.e., a reduction in the welfare grant). Los Angeles and Riverside relied more heavily on this process, invoking it for about one-third of all AFDC-FG registrants within the initial 11-month follow-up period (according to casefile data), although only about 6 percent had actually been sanctioned during that time. (Registrant survey data, which were self-reported, suggest that actual sanctioning rates climbed in all the counties over time.)

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[20] See Freedman and Riccio, 1991; Martinson and Friedlander, 1994.

[21] In San Diego, according to program staff, participation rates in basic education as an initial activity grew over time as more slots opened up in the county's Learning Centers. However, the program's impacts were larger for the early cohort of sample members determined to need basic education than for the later cohort. See Friedlander et al., 1993, pp. 123-24, for further discussion of this issue.

When these patterns are compared to the cross-county differences in three-year impacts, they indicate no consistent relationship between formal enforcement and earnings effects. There is also no consistent evidence that greater reliance on formal enforcement was strongly associated with greater welfare reductions across the counties. For example, Butte, Los Angeles, and San Diego produced similar reductions over three years, despite differences in their use of formal enforcement.

Any effect that enforcement may have had on welfare savings in any of the counties may have been due, in part, to the simple fact that sanctions – to the extent that they were used – directly reduced the welfare grant. How much of these savings may have come directly from people who were sanctioned is difficult to determine, however. As suggested above in the discussion of deterrence effects, at least some of the savings may have come from recipients who were not actually sanctioned, but whose decisions about leaving welfare were influenced by the requirement to participate in an activity, backed up by the threat of sanctions. For example, a strong emphasis on enforcement may send a "tougher" message to registrants about GAIN's participation obligation, which may influence individuals who are never sanctioned. It might even encourage some registrants to leave welfare – and hence GAIN – without ever taking part in a program activity, and possibly without ever being sanctioned. It may be that formal enforcement can work through a variety of channels to influence welfare savings, although the exact processes have not been investigated for this report.

## VI. The Influence of Alternative Combinations of Implementation Strategies and Conditions on GAIN's Three-Year Impacts

### A. An Overall Assessment

As discussed at various places in this report, the counties' implementation approaches differed substantially from one another. This is not surprising, given California's state-supervised but county-operated welfare system. Yet, despite these differences, all six counties produced at least some positive – and growing – impacts over the three-year follow-up period. In particular, a number of counties produced statistically significant earnings gains in combination with welfare reductions, even though they made very different choices regarding how much to emphasize quick job entry, formal enforcement, personalized attention, and regarding other program dimensions such as the types of staff they hired to serve as case managers.[22] The positive results obtained despite the fact that the programs were operated under different economic conditions and registered welfare recipients who, as a group, had quite different demographic profiles and patterns of participation in GAIN activities. For example, Butte, like Riverside, produced statistically significant earnings increases for registrants who were considered in need of basic education. Yet Butte, in contrast to Riverside, achieved its results while placing a much lower emphasis on quick job entry, a higher emphasis on personalized attention, and a much lower emphasis on formal enforcement. Alameda, Riverside, and San Diego all had statistically significant earnings increases for AFDC-FG registrants determined *not* to need basic education, in the face of other combinations of rankings on these dimensions. These findings support the general conclusion that a variety of approaches to implementing GAIN can produce impacts on earnings and welfare payments. This is a promising result because variations in implementation are always likely to occur and because differences in local environments are an inescapable fact of life. At the same time, however, while five of the six counties produced positive benefit-cost results from the welfare sample perspective, only three of the six produced a return to government budgets equal to or exceeding the net public investment per experimental.

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[22] See Table 8.3 for data on county variations on several measures of staff background characteristics and other implementation factors.

### B. The Case of Riverside

While evidence of GAIN's effectiveness was found in all six study counties, Riverside continues to stand out by virtue of the overall magnitude and consistency of its impacts, as it did in MDRC's 1993 analysis of GAIN's two-year impacts. It produced both earnings gains *and* welfare savings across a wider variety of AFDC-FG subgroups than any other county, demonstrating that it could achieve effects on each of these important measures for a broad segment of the GAIN caseload.[23] Moreover, Riverside was the only county of the six where the benefit-cost findings were positive from the perspectives of both the welfare sample and the government budget, and for registrants in each of the basic education subgroups. For all of these reasons, it is important to ask what was *distinctive* about Riverside that might explain its comparatively robust pattern of impacts. Although this study cannot prove the causality of any single program feature or set of factors, a number of interpretations are worth considering.

As previously discussed, one of Riverside's most distinctive features was its unusually strong employment "message," which emphasized to registrants the importance of getting into jobs quickly. Perhaps this pervasive message – backed up by the county's strong job development efforts and its use of job placement standards for case managers, in combination with a strong commitment to enforcing the participation mandate – affected how much effort registrants (across a number of subgroups) made to look for a job, and how willing they were to accept a job with relatively low pay. This does not mean that Riverside was "just a job search program"; quite the contrary. Although it had a relatively high job search participation rate (e.g., 34 percent among all AFDC-FG experimentals according to the 11-month casefile data), it had an equally high rate of participation in education and training activities. As shown in Table 2.1, 36 percent of Riverside's AFDC-FG experimentals participated in some type of GAIN-related education or training (most of which was basic education and self-initiated post-secondary education, or occupational training) within the first 11 months after orientation. These participants (some of whom also took part in job search activities) represented a majority – 60 percent – of those experimentals who entered any GAIN activity in Riverside during that initial period.[24] At the same time, most of the estimated longer-term experimental-control difference in service use in Riverside was limited to job search for the AFDC-FG registrants determined not to need basic education, and to job search and basic education participation for those who were determined to need this service.

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[23] Although Riverside's welfare savings for AFDC-Us remained substantial for the three-year period, the decline in the county's earnings impacts on AFDC-Us is an important reminder that even a broadly effective GAIN program may not be successful in improving the earnings of all important segments of the welfare caseload.

[24] As also shown in Table 2.1, 57 percent of GAIN participants in Riverside took part in job search within the first 11 months, either as their sole GAIN activity or as one of their GAIN activities.

Along many other dimensions that (theoretically) might be related to a program's effectiveness, Riverside was not unique. For example, while its overall GAIN participation rate (counting all GAIN activities) among AFDC-FGs was high (60 percent during the first 11 months of follow-up according to the casefile data), it was no higher than in Alameda and Tulare. And while Riverside ranked relatively high in the quickness with which it resorted to the formal penalty mechanisms to enforce GAIN's participation mandate, so did Los Angeles. Thus, each of these factors, alone, does not explain Riverside's performance.

It also seems unlikely that Riverside's results can be attributed simply to the availability or quality of its services, if staff perceptions of these services are any guide. Riverside does not stand out from the other counties as having had the most (or least) favorable ranking on these dimensions (see Table 8.3). Riverside also does not stand out as having a more highly educated staff, although, along with San Diego, a higher proportion of Riverside's staff had previously worked in an education or training program, such as a Work Incentive (WIN) or JTPA program, which may have helped prepare them to operate GAIN. Furthermore, Riverside did not have the highest or most favorable ranking (compared to the other counties) in terms of its line staff's job satisfaction and morale, perceptions of welfare recipients' desire to work, and belief in GAIN's ability to help registrants, or in its registrant-to-case-manager ratio (see Table 8.3 and Figure 2.3).

What most distinguished Riverside from the other counties – and, therefore, what might have contributed to Riverside's more favorable results – was its particular *combination* of practices and conditions, for Riverside followed a constellation of practices not found in any other county: the pervasiveness of its employment message and job development efforts, a strong commitment to securing the participation of all mandatory registrants (and having adequate resources to meet this objective), quicker reliance on GAIN's formal enforcement mechanisms, and an effort to limit the involvement of registrants' participation in *GAIN-related* activities to primarily to job search and basic education for the subgroup needing basic education (with strong encouragement to enter job search first) and, as much as possible, to job search alone for registrants determined not to need basic education (participation patterns that helped to contain GAIN costs). Riverside's approach may have enjoyed an "added boost" from its growing economy early on, but, as previously discussed, there are reasons to believe that this was not the determining factor.

The Riverside results also suggest that the high levels of personalized attention found in several of the other counties may not be essential for producing large impacts, since Riverside ranked lower by comparison on this dimension than all other counties except Los Angeles.

Finally, it is also noteworthy that Riverside's "enhanced" case management group (which had lower registrant-to-staff ratios) did not have larger impacts on earnings or AFDC payments than the "regular" case management group (where registrant-to-staff ratios were higher). (See Chapter 4.) It should be realized, however, that lowering caseloads from around 100 registrants per case manager to about 50 (the caseload sizes used in this study) represents a more marginal change in the burden imposed on case managers than would a reduction from much higher levels, such as 200-to-1 or 300-to-1, which are sometimes found in other JOBS programs. In other words, it is questionable whether or not Riverside could have achieved its same level of impacts if its staff had caseloads that greatly exceeded 100-to-1 (the size for staff in the "regular" group).

# APPENDICES

# APPENDIX A

## SUPPLEMENTAL TABLE AND FIGURE TO CHAPTER 1

## TABLE A.1

## SELECTED CHARACTERISTICS OF THE GAIN NEW JOBS MANDATORY RESEARCH SAMPLE AT ORIENTATION

| Sample and Characteristic | Alameda | Riverside | Tulare |
|---|---|---|---|
| Aid status (a) (%) | | | |
| Applicant | 0.0 | 19.7 | 3.0 |
| Short–term recipient | 0.0 | 25.0 | 23.1 |
| Long–term recipient | 100.0 | 55.3 | 73.8 |
| Received AFDC continuously for at least 6 years prior to orientation (%) | 44.4 | 16.0 | 28.0 |
| Employed within past 2 years (%) | 35.7 | 43.7 | 41.8 |
| Currently employed up to 29 hours per week (b) (%) | 3.8 | 3.8 | 4.7 |
| Has a high school diploma or GED (%) | 58.6 | 51.0 | 45.2 |
| In need of basic education, according to GAIN criteria (%) | 63.8 | 60.1 | 65.1 |
| Currently in a school or training program (%) | 19.1 | 16.3 | 17.8 |
| Ethnicity (%) | | | |
| White, non–Hispanic | 19.1 | 49.8 | 46.9 |
| Hispanic | 10.6 | 30.5 | 43.8 |
| Black, non–Hispanic | 67.0 | 15.2 | 2.8 |
| Indochinese | 0.8 | 1.1 | 0.2 |
| Other Asian | 0.5 | 1.4 | 2.8 |
| Other | 1.9 | 2.0 | 3.4 |
| Limited English proficiency (%) | 0.3 | 4.2 | 5.7 |
| Refugee (%) | 1.1 | 1.8 | 3.0 |
| Age (years) (%) | | | |
| Less than 25 | 18.5 | 25.3 | 20.5 |
| 25–34 | 50.4 | 59.0 | 58.6 |
| 35–44 | 25.9 | 13.4 | 17.2 |
| 45 or older | 5.2 | 2.3 | 3.7 |
| Average age (years) | 31.1 | 28.9 | 29.9 |
| Average number of children | 2.3 | 2.1 | 2.3 |
| Has at least one child in the following age groups (c) (%) | | | |
| Less than 6 | 100.0 | 99.1 | 97.6 |
| 6–11 | 47.4 | 50.8 | 57.0 |
| 12–18 | 34.6 | 17.3 | 21.5 |
| 19 or older | 0.0 | 0.2 | 0.2 |
| Research sample status (%) | | | |
| Experimental | 52.0 | 79.6 | 58.4 |
| Control | 48.0 | 20.4 | 41.6 |
| Sample size | 367 | 1820 | 493 |

(continued)

### TABLE A.1 (continued)

SOURCE: MDRC calculations from GAIN intake forms for the main research sample.

NOTES: Sample characteristics were recorded on the intake form by GAIN staff at orientation and are based on answers from GAIN registrants.

Distributions may not add to 100.0 percent because of rounding or because of items missing from some sample members' intake forms.

A chi–square test was applied to differences among counties. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; * = 10 percent.

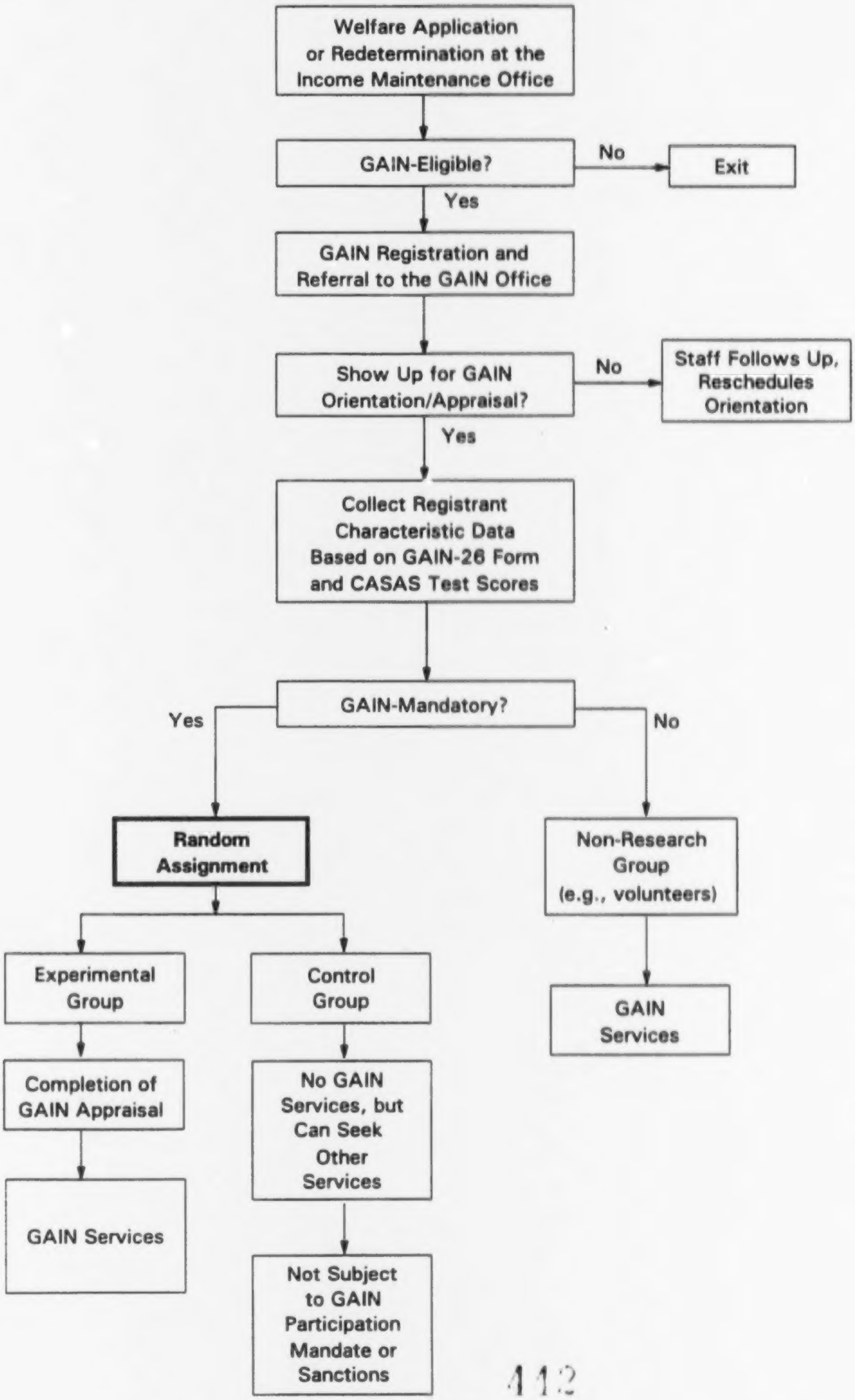
(a) Applicants are registrants applying for AFDC at the time of referral to GAIN orientation; they include reapplicants who may have had prior AFDC receipt. Short–term recipients have received AFDC for two years or less. Long–term recipients have received AFDC for over two years.
(The AFDC receipt may not have been continuous.)

(b) Missing responses, which accounted for approximately 15 percent of the sample, were considered not to be currently employed up to 29 hours per week.

(c) Distributions may add to more than 100.0 percent because sample members can have children in more than one category.

# FIGURE A.1

# OVERVIEW OF THE INTAKE AND RANDOM ASSIGNMENT PROCESS FOR THE GAIN EVALUATION


Welfare Application or Redetermination at the Income Maintenance Office
GAIN-Eligible?
No
Exit
Yes
GAIN Registration and Referral to the GAIN Office
Show Up for GAIN Orientation/Appraisal?
No
Staff Follows Up, Reschedules Orientation
Yes
Collect Registrant Characteristic Data Based on GAIN-26 Form and CASAS Test Scores
GAIN-Mandatory?
Yes
No
Random Assignment
Non-Research Group (e.g., volunteers)
Experimental Group
Control Group
GAIN Services
Completion of GAIN Appraisal
No GAIN Services, but Can Seek Other Services
GAIN Services
Not Subject to GAIN Participation Mandate or Sanctions

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# APPENDIX B

## SURVEY RESPONSE ANALYSIS

# APPENDIX B

## SURVEY RESPONSE ANALYSIS

Data on certain participation measures, job quality, perceptions of work and welfare, and other non-wage outcomes for this report came primarily from the GAIN registrant survey. This survey was administered to a stratified random subsample of the full research sample of experimentals and controls in five of the six research counties.[1] Not all sample members selected for the survey could be interviewed, however. Some could not be located, and some refused or were unable to be interviewed. Sample members who completed the survey are called *respondents*. Sample members selected for the survey who did not complete it are called *nonrespondents*. The sample of respondents and nonrespondents is the *survey sample*. In GAIN, respondents made up four-fifths of the survey sample. The survey sample in addition to those who were not selected to be surveyed is called the *full research sample*.

Whenever survey response rates are less than 100 percent, two kinds of biases may be present. First, if experimentals and controls respond differently, then the characteristics of the two research groups may be dissimilar. If this is the case, the fundamental comparison between experimentals and controls may be invalid, and impact estimates may be biased. Second, the sample of completed surveys may not well represent the full sample of program registrants who were selected for interviewing. In that case, the impact estimates for survey respondents may not easily generalize to all program registrants.

This appendix presents an analysis of survey response patterns undertaken to determine (a) whether impact estimates based on survey data would be biased by the absence of completed interviews for some sample members and (b) whether impact estimates based on the survey data can be generalized to the full research sample (which includes survey respondents, survey nonrespondents, and individuals not selected to be surveyed). Such an analysis is routinely performed in field studies using survey data.[2]

To summarize the results of the analysis of survey response for the GAIN AFDC-FG sample[3] (presented below), the overall rate of response for both the experimental and control group was approximately 80 percent, high enough to reduce substantially the likelihood of severe bias for impacts based on survey data. The pre-random assignment characteristics of experimental and control respondents do not appear to have been markedly dissimilar, which indicates that the impact estimates based on survey data should be valid; however, some differences were found between respondents and nonrespondents. The most important instance was in Los Angeles, where a large difference was observed in *post*-random assignment earnings between controls who responded to the survey and the full sample of controls. This pattern suggests that impacts on earnings, welfare payments, and other measures might not be reliable if calculated using the Los Angeles survey data. For this reason, no impacts on such measures calculated directly from registrant survey data are presented for Los Angeles in this report. For the other four survey counties, the analysis suggests that any biases in impacts for survey measures are probably quite small within the survey respondent sample. In addition, earnings data indicate that survey impact estimates related to work are probably good estimates of behavior in the full research sample. At the same time, however, the welfare behavior of the survey respondents during the follow-up period differs from the behavior of the rest of the research sample, which suggests that impacts estimated on certain survey measures related to welfare behavior may be somewhat larger than would be impacts on similar measures if those were available for the full sample.

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[1] Butte was not included in the registrant survey because of the evaluation's limited survey budget.

[2] The issue of item nonresponse – i.e., the failure to respond to a given question or set of questions – is not examined here. In most instances, item nonresponse was quite low for individuals who otherwise responded to the survey. Ranges of response rates for individual items on the survey are presented where appropriate in the tables for Chapters 2 and 5.

[3] No impacts based solely on survey measures are presented for AFDC-U registrants in this report except for Table C.2, which presents estimated impacts on participation in employment-related activities based on registrant survey data only; therefore, AFDC-Us were not included in the analysis of survey response.

## I. Comparisons Between Experimentals and Controls in the Survey Respondent Sample

Table B.1 gives the number of survey completions and the response rates for experimentals and controls in each county and in all counties combined. The total rate of response for all counties combined was 80.0 percent, matching the targeted response rate. This response rate was high enough to suggest that the survey probably represents the full research sample quite well. Across counties, response rates ranged from 78.5 percent in San Diego to 83.8 percent in Tulare, a modest amount of variation. More important is that none of the counties had a very low response rate. Within experimental and control groups, overall response rates for all counties combined were similar (79.3 percent for experimentals compared to 80.8 percent for controls). In addition, none of the experimental-control differences within counties was large or statistically significant.

To further assess the importance of any experimental-control differences within the survey respondent sample, the 0/1 dummy variable indicating membership in the experimental group was regressed on pre-random assignment demographic information using the survey sample alone. This was done for each county separately. All regression R-squares were under 0.030 and none was statistically significant, indicating that research group membership was not related to pre-random assignment characteristics. These results, in conjunction with the findings related to response rates discussed above, support the conclusion that the fundamental comparison of experimental and control survey respondents should not produce biased impact estimates.

Other evidence, however, suggests that in Los Angeles, impacts calculated for the survey respondent sample may not be reliable. Average earnings calculated from Unemployment Insurance (UI) data covering the first two years of follow-up were about $1,100 lower for survey respondent controls than for the full research sample of controls, a large difference that may have resulted from differences in unobserved personal characteristics or may simply be the result of chance. Whatever the reason, the difference led to two-year UI earnings impacts for the survey respondent sample in Los Angeles that were about $1,700 larger than impacts for the full research sample in that county. This is by far the largest discrepancy in earnings impacts among the five survey counties. The other discrepancies are only about $150 or less. In light of these findings, this report does not present survey-based measures for controls or experimental-control differences in Los Angeles. At the same time, for *experimentals* in Los Angeles, the earnings discrepancy between survey respondents and the full research sample was much smaller than for controls. Therefore, this report *does* present survey-based estimates for Los Angeles experimentals alone. Moreover, the small size of the discrepancies

## TABLE B.1

## RESPONSE RATES AMONG AFDC-FG REGISTRANTS TO THE GAIN REGISTRANT SURVEY, BY COUNTY AND RESEARCH GROUP

| County and Research Group | Number of Completions | Response Rate (%) |
|---|---|---|
| Alameda | | |
| Experimentals | 335 | 78.1 |
| Controls | 348 | 81.1 |
| Total | 683 | 79.6 |
| Los Angeles | | |
| Experimentals | 223 | 78.0 |
| Controls | 230 | 80.4 |
| Total | 453 | 79.2 |
| Riverside | | |
| Experimentals | 674 | 78.6 |
| Controls | 342 | 79.7 |
| Total | 1016 | 78.9 |
| San Diego | | |
| Experimentals | 337 | 78.7 |
| Controls | 336 | 78.3 |
| Total | 673 | 78.5 |
| Tulare | | |
| Experimentals | 356 | 83.0 |
| Controls | 363 | 84.6 |
| Total | 719 | 83.8 |
| All counties | | |
| Experimentals | 1925 | 79.3 |
| Controls | 1619 | 80.8 |
| Total | 3544 | 80.0 |

SOURCE: MDRC calculations using data from the GAIN registrant survey.

NOTES: A response rate is the number of survey completions taken as a percentage of sample members selected to be surveyed.

Butte County was not included in the survey.

In the all-county average, the results of each county are weighted equally.

A chi-square test was applied to differences in response rates between experimentals and controls in each county and for all counties combined. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; * = 10 percent.

in the other counties indicates that survey impact estimates related to earnings (e.g., job quality) are probably good estimates of behavior in the full research sample.

## II. Comparisons Between Survey Respondents and the Full Research Sample

In addition to examining the characteristics of experimentals and controls within the survey respondent sample, the characteristics of survey respondents (experimentals and controls combined) were compared to those of survey *non*respondents. This can help determine whether or not the impact estimates for the survey respondent sample can be generalized to the full research sample. To assess the potential importance of any observed differences in pre-random assignment characteristics between survey respondents and survey nonrespondents, the 0/1 dummy indicating survey response versus survey nonresponse was regressed on pre-random assignment demographic information, for each county separately, using the survey sample of respondents and nonrespondents combined. The regression R-squares were slightly larger in this case than in the first set of regressions (discussed above), ranging from 0.036 to 0.064 across the counties, and were statistically significant in all counties except Los Angeles. In most counties, survey respondents were more likely than nonrespondents to be nonwhite, female, and to have had longer welfare histories prior to random assignment.

Because respondents tended to have longer welfare histories than nonrespondents, they also received more AFDC during the period following random assignment. In Tulare, the average AFDC payment and the impact on AFDC payments over the first two years were similar for survey respondents and the full research sample. In each of the other four survey counties, both the average AFDC payment and the impact on AFDC payments were larger for respondents. Averaging those four counties (with each county weighted equally) indicates that respondent controls received about 8 percent more AFDC than the full control sample; in addition, the average AFDC impact for respondents was $1,382, compared to $830 for the full research sample in those four counties. Any impacts on survey measures of AFDC receipt would therefore also tend to be larger for the survey respondent sample than for the full research sample. It is possible that impacts on other survey measures related to AFDC receipt, such as attitudes toward welfare, could be larger as well.

# APPENDIX C

## SUPPLEMENTAL TABLES TO CHAPTER 2

## TABLE C.1

## RATES OF PARTICIPATION IN GAIN ACTIVITIES AMONG AFDC-U EXPERIMENTALS WITHIN 11 MONTHS AFTER ORIENTATION

| Sample and Participation Status | Alameda | Butte | Los Angeles | Riverside | San Diego | Tulare |
|---|---|---|---|---|---|---|
| **All experimentals** | | | | | | |
| Ever participated in any GAIN activity, excluding appraisal and assessment (%) | 56.3 | 38.4 | 36.0 | 66.0 | 46.3 | 59.7 *** |
| Ever deferred (%) | 55.2 | 12.1 | 69.6 | 42.2 | 63.8 | 49.2 *** |
| Reason for first deferral among those ever deferred (%) | | | | | | |
| Part-time employment | 43.4 | 16.7 | 53.5 | 32.3 | 47.4 | 23.0 (a) |
| Illness | 30.2 | 33.3 | 35.7 | 21.0 | 11.6 | 18.0 (a) |
| Other reasons | 26.4 | 50.0 | 10.7 | 46.8 | 41.1 | 59.0 (a) |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Ever participated in (%) | | | | | | |
| Job search | 14.6 | 16.2 | 5.0 | 42.2 | 22.1 | 16.1 *** |
| Basic education (b) | 41.7 | 20.2 | 29.5 | 25.9 | 24.2 | 41.9 *** |
| GED | 4.2 | 10.1 | 2.0 | 4.8 | 6.7 | 13.7 *** |
| ABE | 10.4 | 1.0 | 4.8 | 6.8 | 11.4 | 16.9 *** |
| ESL | 28.1 | 9.1 | 23.4 | 14.3 | 7.4 | 13.7 *** |
| Self-initiated activity | 2.1 (c) | 3.0 | 3.4 | 6.8 | 5.4 | 7.3 |
| Assessment | 9.4 | 9.1 | 1.1 | 4.1 | 11.4 | 14.5 *** |
| Post-assessment activity | 9.4 (c) | 2.0 | 0.1 | 2.0 | 6.7 | 6.5 (d) |
| Any education or training activity | 51.0 | 25.3 | 32.7 | 32.0 | 33.6 | 52.4 *** |
| Sample size | 96 | 99 | 736 | 147 | 149 | 124 |
| **Experimentals who started any GAIN activity (e)** | | | | | | |
| Participated in (%) | | | | | | |
| Job search | 25.9 | 42.1 | 14.0 | 63.9 | 47.8 | 27.0 *** |
| Basic education (f) | 74.1 | 52.6 | 81.9 | 39.2 | 52.2 | 70.3 *** |
| Self-initiated activity | 3.7 (c) | 7.9 | 9.4 | 10.3 | 11.6 | 12.2 |
| Post-assessment activity | 16.7 (c) | 5.3 | 0.4 | 3.1 | 14.5 | 10.8 (d) |
| Any education or training activity | 90.7 | 65.8 | 90.9 | 48.5 | 72.5 | 87.8 *** |
| Sample size | 54 | 38 | 265 | 96 | 69 | 74 |

SOURCE: Calculations using data from the MDRC participant flow study.

NOTES: Distributions may not add to 100.0 percent because of rounding.

A chi-square test was applied to differences among counties. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; * = 10 percent.

(a) A test of statistical significance was not performed.

(b) Subcategory percentages may not add to the category percentage because participation in more than one component of basic education was possible.

(c) Alameda registrants already in vocational education at orientation were coded as participating in vocational education instead of in self-initiated vocational education. This policy causes the post-assessment activity percentage, which includes vocational education, to be higher and the self-initiated activity percentage to be lower than if the coding had been consistent with that in the other counties.

(d) A test of statistical significance was not applicable.

(e) This sample includes only those experimentals who ever participated in any GAIN activity, excluding appraisal and assessment.

(f) GED preparation, ABE, and ESL.

## TABLE C.2

## GAIN's ESTIMATED IMPACTS ON THE PERCENTAGE OF REGISTRANTS WHO EVER PARTICIPATED IN EMPLOYMENT-RELATED ACTIVITIES WITHIN TWO TO THREE YEARS AFTER ORIENTATION, BASED ON REGISTRANT SURVEY DATA ONLY

| Outcome and Research Group | AFDC-FGs |  |  |  |  |  | AFDC-Us (a) |
|---|---|---|---|---|---|---|---|
|  | Alameda | Los Angeles | Riverside | San Diego | Tulare | All Counties | All Counties |
| Ever participated in job search |  |  |  |  |  |  |  |
| Experimentals (%) | 16.7 | 7.2 | 18.7 | 22.9 | 17.4 | 16.6 | 15.3 |
| Controls (%) | 2.9 | 0.0 | 0.9 | 6.3 | 1.4 | 2.3 | 3.1 |
| Difference | 13.8 | 7.2 | 17.8 | 16.6 | 16.0 | 14.3 | 12.1 |
| Ever participated in ABE/GED |  |  |  |  |  |  |  |
| Experimentals (%) | 32.2 | 22.9 | 10.2 | 18.7 | 21.6 | 21.1 | 14.5 |
| Controls (%) | 6.0 | 4.4 | 3.2 | 4.5 | 3.9 | 4.4 | 2.0 |
| Difference | 26.2 | 18.5 | 7.0 | 14.2 | 17.7 | 16.7 | 12.5 |
| Ever participated in ESL |  |  |  |  |  |  |  |
| Experimentals (%) | 2.1 | 8.5 | 2.1 | 5.0 | 1.7 | 3.9 | 8.8 |
| Controls (%) | 0.3 | 4.8 | 2.1 | 2.7 | 1.7 | 2.3 | 3.4 |
| Difference | 1.8 | 3.7 | 0.0 | 2.3 | 0.0 | 1.6 | 5.4 |
| Ever participated in vocational training or post-secondary education |  |  |  |  |  |  |  |
| Experimentals (%) | 32.2 | 15.7 | 30.9 | 36.5 | 32.6 | 29.6 | 15.5 |
| Controls (%) | 26.2 | 11.7 | 33.0 | 33.3 | 24.2 | 25.7 | 17.0 |
| Difference | 6.0 | 4.0 | -2.1 | 3.2 | 8.4 | 3.9 | -1.5 |
| Ever participated in unpaid work experience |  |  |  |  |  |  |  |
| Experimentals (%) | 3.6 | 0.9 | 0.6 | 4.5 | 5.1 | 2.9 | 1.0 |
| Controls (%) | 0.6 | 0.0 | 0.6 | 1.2 | 0.8 | 0.6 | 0.0 |
| Difference | 3.0 | 0.9 | 0.0 | 3.3 | 4.3 | 2.3 | 1.0 |
| Ever participated in OJT |  |  |  |  |  |  |  |
| Experimentals (%) | 2.7 | 2.7 | 8.0 | 5.6 | 3.9 | 4.6 | 5.2 |
| Controls (%) | 0.6 | 2.2 | 1.5 | 1.5 | 2.2 | 1.6 | 3.5 |
| Difference | 2.1 | 0.5 | 6.5 | 4.1 | 1.7 | 3.0 | 1.7 |
| Sample size |  |  |  |  |  |  |  |
| Experimentals | 335 | 223 | 674 | 337 | 356 | 1925 | 201 |
| Controls | 348 | 230 | 342 | 336 | 363 | 1619 | 207 |

SOURCE: MDRC calculations using data from the GAIN registrant survey.

NOTES: Calculations for this table used data for all program tracking sample members and survey respondents, including those who did not participate in the activity.

Rounding may cause slight discrepancies in calculating sums, averages, and differences.

Tests of statistical significance of the differences between experimentals and controls were not performed.

In the all-county averages, the results for each county are equally weighted.

The follow-up period for the survey ranged from 26 to 37 months, on average, across the five counties where the registrant survey was conducted. Butte County was not included in the survey.

(a) The AFDC-U sample does not include any registrants from Alameda.

## TABLE C.3

## FOR THOSE DETERMINED NOT TO NEED BASIC EDUCATION: GAIN's ESTIMATED IMPACTS FOR AFDC–FGs ON NUMBER OF MONTHS PARTICIPATING IN EMPLOYMENT–RELATED ACTIVITIES WITHIN FIVE YEARS AFTER ORIENTATION

| Outcome and Research Group | Alameda | Butte | Los Angeles | Riverside | San Diego | Tulare | All Counties |
|---|---|---|---|---|---|---|---|
| Average number of months in job search | | | | | | | |
| Experimentals | 1.5 | 1.0 | 0.8 | 1.5 | 0.9 | 1.3 | 1.2 |
| Controls | 0.1 | 0.2 | 0.1 | 0.2 | 0.4 | 0.0 | 0.2 |
| Difference | 1.4 | 0.9 | 0.7 | 1.3 | 0.5 | 1.3 | 1.0 |
| Average number of months in ABE/GED | | | | | | | |
| Experimentals | 0.7 | 0.1 | 0.4 | 0.0 | 0.0 | 0.3 | 0.2 |
| Controls | 0.2 | 0.1 | 0.1 | 0.0 | 0.0 | 0.2 | 0.1 |
| Difference | 0.5 | 0.0 | 0.3 | −0.0 | −0.0 | 0.2 | 0.1 |
| Average number of months in ESL | | | | | | | |
| Experimentals | 0.1 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 |
| Controls | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 |
| Difference | 0.1 | −0.0 | 0.0 | 0.0 | −0.1 | 0.0 | 0.0 |
| Average number of months in vocational training or post–secondary education | | | | | | | |
| Experimentals | 7.9 | 5.0 | 3.7 | 4.5 | 5.5 | 6.2 | 5.5 |
| Controls | 4.4 | 5.0 | 2.9 | 6.5 | 5.9 | 5.4 | 5.0 |
| Difference | 3.5 | −0.0 | 0.8 | −2.0 | −0.3 | 0.8 | 0.5 |
| Average number of months in unpaid work experience | | | | | | | |
| Experimentals | 0.7 | 0.5 | 0.2 | 0.0 | 0.3 | 0.0 | 0.3 |
| Controls | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 |
| Difference | 0.7 | 0.4 | 0.2 | −0.0 | 0.3 | −0.0 | 0.3 |
| Sample sizes | | | | | | | |
| Program tracking data | | | | | | | |
| Experimentals | 209 | 92 | 583 | 81 | 110 | 79 | 1154 |
| Controls | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Registrant survey data | | | | | | | |
| Experimentals | 109 | n/a | -- | 282 | 146 | 140 | 677 |
| Controls | 106 | n/a | -- | 148 | 147 | 137 | 538 |

SOURCE: See Tables 2.3 and 2.4.

NOTES: See Tables 2.3, 2.4, and 2.7.
Tests of statistical significance of the differences between experimentals and controls were not performed.

## TABLE C.4

## FOR THOSE DETERMINED TO NEED BASIC EDUCATION: GAIN's ESTIMATED IMPACTS FOR AFDC-FGs ON NUMBER OF MONTHS PARTICIPATING IN EMPLOYMENT-RELATED ACTIVITIES WITHIN FIVE YEARS AFTER ORIENTATION

| Outcome and Research Group | Alameda | Butte | Los Angeles | Riverside | San Diego | Tulare | All Counties |
|---|---|---|---|---|---|---|---|
| Average number of months in job search | | | | | | | |
| Experimentals | 0.3 | 0.4 | 0.8 | 0.8 | 1.1 | 0.2 | 0.6 |
| Controls | 0.2 | 0.2 | 0.1 | 0.0 | 0.4 | 0.0 | 0.1 |
| Difference | 0.1 | 0.2 | 0.7 | 0.7 | 0.7 | 0.2 | 0.4 |
| Average number of months in ABE/GED | | | | | | | |
| Experimentals | 6.2 | 3.1 | 3.5 | 1.9 | 1.9 | 5.6 | 3.7 |
| Controls | 0.7 | 0.7 | 0.6 | 0.6 | 0.8 | 0.6 | 0.7 |
| Difference | 5.5 | 2.4 | 2.9 | 1.3 | 1.1 | 5.0 | 3.0 |
| Average number of months in ESL | | | | | | | |
| Experimentals | 0.6 | 1.7 | 1.8 | 0.7 | 0.8 | 1.8 | 1.2 |
| Controls | 0.1 | 0.3 | 0.2 | 0.2 | 0.2 | 0.8 | 0.3 |
| Difference | 0.5 | 1.4 | 1.5 | 0.4 | 0.6 | 1.1 | 0.9 |
| Average number of months in vocational training or post-secondary education | | | | | | | |
| Experimentals | 2.9 | 1.5 | 1.7 | 1.4 | 2.4 | 1.7 | 1.9 |
| Controls | 2.3 | 1.7 | 0.7 | 2.2 | 2.3 | 1.1 | 1.7 |
| Difference | 0.6 | -0.2 | 0.9 | -0.8 | 0.2 | 0.5 | 0.2 |
| Average number of months in unpaid work experience | | | | | | | |
| Experimentals | 0.1 | 0.2 | 0.0 | 0.1 | 0.7 | 0.0 | 0.2 |
| Controls | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Difference | 0.0 | 0.2 | -0.0 | 0.1 | 0.7 | -0.0 | 0.2 |
| Sample sizes | | | | | | | |
| Program tracking data | | | | | | | |
| Experimentals | 393 | 108 | 2430 | 167 | 137 | 146 | 3381 |
| Controls | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Registrant survey data | | | | | | | |
| Experimentals | 226 | n/a | 189 | 392 | 191 | 216 | 1214 |
| Controls | 242 | n/a | -- | 194 | 189 | 226 | 851 |

SOURCE: See Tables 2.3 and 2.4.

NOTES: See Tables 2.3, 2.4, and 2.8.
Tests of statistical significance of the differences between experimentals and controls were not performed.

## TABLE C.5

## GAIN PARTICIPATION PATTERNS WITHIN 11 MONTHS AFTER ORIENTATION AMONG SELECTED SUBGROUPS OF AFDC–FG EXPERIMENTALS

| Sample and Measure | Alameda | Butte | Los Angeles | Riverside | San Diego | Tulare |
|---|---|---|---|---|---|---|
| **Registrants determined not to need basic education** | | | | | | |
| Ever participated in (%) | | | | | | |
| Any GAIN activity | 61.7 | 48.9 | 40.3 | 65.4 | 60.0 | 62.0 *** |
| Job search | 49.8 | 32.6 | 24.7 | 45.7 | 38.2 | 43.0 *** |
| Basic education (a) | 6.7 | 1.1 | 3.8 | 0.0 | 0.0 | 2.5 (b) |
| Self–initiated activity | 5.3 (c) | 15.2 | 13.6 | 23.5 | 22.7 | 17.7 *** |
| Post–assessment activity | 32.5 (c) | 7.6 | 4.3 | 1.2 | 14.5 | 15.2 *** |
| Any education or training activity | 37.8 | 20.7 | 21.3 | 24.7 | 30.0 | 32.9 *** |
| Ever in conciliation, sanctioned, or slated for sanctioning (%) | 1.9 | 9.8 | 38.6 | 27.2 | 23.6 | 12.7 (b) |
| Sample size | 209 | 92 | 583 | 81 | 110 | 79 |
| **Registrants determined to need basic education** | | | | | | |
| Ever participated in (%) | | | | | | |
| Any GAIN activity | 63.9 | 37.0 | 53.9 | 57.5 | 51.1 | 60.3 *** |
| Job search | 14.0 | 5.6 | 8.8 | 28.7 | 22.6 | 8.2 *** |
| Basic education (a) | 55.5 | 26.9 | 44.8 | 32.3 | 34.3 | 54.8 *** |
| Self–initiated activity | 2.0 (c) | 5.6 | 4.5 | 8.4 | 9.5 | 2.1 *** |
| Post–assessment activity | 9.2 (c) | 0.9 | 0.4 | 3.0 | 2.9 | 6.2 *** |
| Any education or training activity | 61.1 | 33.3 | 49.2 | 41.9 | 43.1 | 58.2 *** |
| Ever in conciliation, sanctioned, or slated for sanctioning (%) | 2.3 | 10.2 | 33.5 | 37.1 | 19.7 | 11.0 (b) |
| Sample size | 393 | 108 | 2430 | 167 | 137 | 146 |
| **Applicants** | | | | | | |
| Ever participated in (%) | | | | | | |
| Any GAIN activity | -- | 37.4 | -- | 59.4 | 60.0 | 36.4 *** |
| Job search | -- | 17.4 | -- | 30.4 | 43.8 | 12.1 *** |
| Basic education (a) | -- | 11.3 | -- | 20.3 | 13.8 | 24.2 |
| Self–initiated activity | -- | 9.6 | -- | 13.0 | 12.5 | 0.0 |
| Post–assessment activity | -- | 1.7 | -- | 1.4 | 7.5 | 6.1 (b) |
| Any education or training activity | -- | 21.7 | -- | 34.8 | 30.0 | 27.3 |
| Ever in conciliation, sanctioned, or slated for sanctioning (%) | -- | 12.2 | -- | 46.4 | 32.5 | 24.2 (b) |
| Sample size | 0 | 115 | 0 | 69 | 80 | 33 |
| **Short–term recipients** | | | | | | |
| Ever participated in (%) | | | | | | |
| Any GAIN activity | -- | 40.9 | -- | 53.8 | 53.8 | 56.9 |
| Job search | -- | 22.7 | -- | 28.8 | 27.7 | 25.5 |
| Basic education (a) | -- | 13.6 | -- | 21.3 | 20.0 | 27.5 |
| Self–initiated activity | -- | 9.1 | -- | 11.3 | 13.8 | 5.9 |
| Post–assessment activity | -- | 18.2 | -- | 3.8 | 12.3 | 9.8 |
| Any education or training activity | -- | 36.4 | -- | 33.8 | 35.4 | 39.2 |
| Ever in conciliation, sanctioned, or slated for sanctioning (%) | -- | 9.1 | -- | 31.7 | 17.2 | 11.8 (b) |
| Sample size | 0 | 22 | 0 | 80 | 65 | 51 |

(continued)

## TABLE C.5 (continued)

| Sample and Measure | Alameda | Butte | Los Angeles | Riverside | San Diego | Tulare |
|---|---|---|---|---|---|---|
| **Long-term recipients** | | | | | | |
| Ever participated in (%) | | | | | | |
| Any GAIN activity | 63.1 | 52.4 | 51.3 | 65.7 | 52.0 | 68.1 *** |
| Job search | 26.4 | 17.5 | 11.9 | 41.4 | 19.6 | 20.6 *** |
| Basic education (a) | 38.5 | 22.2 | 36.8 | 23.2 | 22.5 | 42.6 *** |
| Self-initiated activity | 3.2 (c) | 11.1 | 6.2 | 15.2 | 18.6 | 9.9 *** |
| Post-assessment activity | 17.3 (c) | 3.2 | 1.1 | 2.0 | 5.9 | 9.9 *** |
| Any education or training activity | 53.0 | 34.9 | 43.8 | 39.4 | 44.1 | 58.2 *** |
| Ever in conciliation, sanctioned, or slated for sanctioning (%) | 2.2 | 6.3 | 34.5 | 26.8 | 15.5 | 8.5 (b) |
| Sample size | 602 | 63 | 3013 | 99 | 102 | 141 |

SOURCE: Calculations using data from the MDRC participant flow study.

NOTES: A chi-square test was applied to differences among counties. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; * = 10 percent.

Dashes indicate that the sample size is under 20; therefore, the calculation has been omitted.

(a) GED preparation, ABE, and ESL.

(b) A test of statistical significance was not applicable.

(c) Alameda registrants already in vocational education at orientation were coded as participating in vocational education instead of in self-initiated vocational education. This policy causes the post-assessment activity percentage, which includes vocational education, to be higher and the self-initiated activity percentage to be lower than if the coding had been consistent with that in the other counties.

# APPENDIX D

## SUPPLEMENTAL TABLES TO CHAPTER 4

## TABLE D.1

## AVERAGE IMPACTS IN SELECTED STUDIES OF STATE WELFARE-TO-WORK PROGRAMS FOR AFDC-FGs (SINGLE PARENTS)

| | Average Total Earnings ($) | | | Average Total AFDC Payments ($) | | |
|---|---|---|---|---|---|---|
| Program | Year 1 | Year 2 | Year 3 | Year 1 | Year 2 | Year 3 |
| California GAIN (a) | 266 *** | 512 *** | 636 *** | -283 *** | -347 *** | -331 *** |
| Alameda | 209 | 508 * | 774 ** | -150 | -261 | -371 ** |
| Butte | 272 | 556 | 647 | -353 * | -333 | -290 |
| Los Angeles | -4 | 110 | 153 | -328 *** | -401 *** | -277 ** |
| Riverside | 920 *** | 1183 *** | 1010 *** | -695 *** | -703 *** | -584 *** |
| San Diego | 349 ** | 709 *** | 713 *** | -302 *** | -480 *** | -353 *** |
| Tulare | -149 | 5 | 518 ** | 132 | 95 | -113 |
| Arkansas WORK Program | 167 ** | 223 | 337 ** | -145 *** | -190 *** | -168 *** |
| Louisville WIN Lab-Individual Job Search (b) | 289 ** | 456 ** | 435 ** | -75 * | -164 ** | -184 ** |
| Cook County WIN Demonstration | 10 | n/a | n/a | -40 | n/a | n/a |
| Louisville WIN Lab-Group Job Search (b) | 464 ** | n/a | n/a | -40 | n/a | n/a |
| West Virginia CWEP | 16 | n/a | n/a | 0 | n/a | n/a |
| Virginia ESP | 69 | 280 ** | 268 * | -69 | -36 | -111 ** |
| San Diego I (EPP/EWEP) | 443 *** | n/a | n/a | -226 *** | n/a | n/a |
| San Diego SWIM (c) | 352 *** | 644 *** | 555 *** | -419 *** | -560 *** | -483 *** |
| Baltimore Options | 140 | 401 *** | 511 *** | 2 | -34 | -31 |

SOURCE: Gueron and Pauly, 1991; Riccio and Friedlander, 1992; Friedlander and Hamilton, 1993.

NOTES: * Denotes statistical significance at the 10 percent level; ** at the 5 percent level; and *** at the 1 percent level.

Where data are not available, "n/a" is used.

(a) Impacts were obtained by weighting each of six counties equally.

(b) The impacts are adjusted to 1985 dollars.

(c) All SWIM data contained in this table have been taken from Friedlander and Hamilton, 1993.

# TABLE D.2

## ALAMEDA AFDC-FGs: IMPACTS ON EMPLOYMENT, EARNINGS, AFDC RECEIPT, AND AFDC PAYMENTS

| Outcome and Follow-Up Period | Experimentals | Controls | Difference | Percentage Change |
|---|---|---|---|---|
| Ever employed (%) | | | | |
| Year 1 (quarters 2-5) | 30.1 | 27.3 | 2.8 | 10.1% |
| Year 2 (quarters 6-9) | 32.8 | 26.3 | 6.5 *** | 24.8% |
| Year 3 (quarters 10-13) | 33.9 | 26.7 | 7.2 *** | 26.9% |
| Total (quarters 2-13) | 48.8 | 40.8 | 8.0 *** | 19.5% |
| Average number of quarters with employment | | | | |
| Year 1 (quarters 2-5) | 0.75 | 0.68 | 0.07 | 9.9% |
| Year 2 (quarters 6-9) | 0.86 | 0.72 | 0.13 * | 18.5% |
| Year 3 (quarters 10-13) | 0.96 | 0.81 | 0.15 * | 18.8% |
| Total (quarters 2-13) | 2.57 | 2.22 | 0.35 * | 15.9% |
| Ever employed (%) | | | | |
| Quarter of random assignment | 13.7 | 16.2 | -2.5 | -15.6% |
| Quarter 2 | 16.6 | 16.3 | 0.2 | 1.5% |
| Quarter 3 | 18.5 | 17.7 | 0.8 | 4.4% |
| Quarter 4 | 20.0 | 17.3 | 2.7 | 15.7% |
| Quarter 5 | 20.1 | 17.1 | 3.0 | 17.8% |
| Quarter 6 | 19.0 | 17.0 | 2.0 | 11.8% |
| Quarter 7 | 20.1 | 18.6 | 1.6 | 8.5% |
| Quarter 8 | 21.9 | 18.2 | 3.7 * | 20.3% |
| Quarter 9 | 24.5 | 18.5 | 6.1 *** | 33.0% |
| Quarter 10 | 24.9 | 19.9 | 4.9 ** | 24.8% |
| Quarter 11 | 23.7 | 21.1 | 2.6 | 12.5% |
| Quarter 12 | 22.6 | 21.0 | 1.6 | 7.5% |
| Quarter 13 | 24.8 | 18.8 | 6.0 *** | 32.0% |
| Quarter 14 | -- | -- | -- | -- |
| Quarter 15 | -- | -- | -- | -- |
| Quarter 16 | -- | -- | -- | -- |
| Average total earnings ($) | | | | |
| Year 1 (quarters 2-5) | 1421 | 1212 | 209 | 17.3% |
| Year 2 (quarters 6-9) | 2132 | 1624 | 508 * | 31.3% |
| Year 3 (quarters 10-13) | 2880 | 2105 | 774 ** | 36.8% |
| Total (quarters 2-13) | 6432 | 4941 | 1492 ** | 30.2% |
| Average total earnings ($) | | | | |
| Quarter of random assignment | 171 | 210 | -39 * | -18.8% |
| Quarter 2 | 251 | 267 | -16 | -5.8% |
| Quarter 3 | 340 | 300 | 40 | 13.4% |
| Quarter 4 | 414 | 344 | 70 | 20.2% |
| Quarter 5 | 416 | 301 | 115 ** | 38.1% |
| Quarter 6 | 457 | 348 | 109 | 31.2% |
| Quarter 7 | 484 | 391 | 93 | 23.7% |
| Quarter 8 | 531 | 433 | 97 | 22.5% |
| Quarter 9 | 660 | 451 | 209 ** | 46.4% |
| Quarter 10 | 702 | 466 | 235 *** | 50.4% |
| Quarter 11 | 719 | 534 | 185 * | 34.6% |
| Quarter 12 | 693 | 556 | 137 | 24.7% |
| Quarter 13 | 766 | 549 | 217 ** | 39.6% |
| Quarter 14 | -- | -- | -- | -- |
| Quarter 15 | -- | -- | -- | -- |
| Quarter 16 | -- | -- | -- | -- |

(continued)

### TABLE D.2 (continued)

| Outcome and Follow-Up Period | Experimentals | Controls | Difference | Percentage Change |
|---|---|---|---|---|
| Ever received any AFDC payments (%) | | | | |
| Year 1 (quarters 2-5) | 97.0 | 98.5 | -1.5 ** | -1.5% |
| Year 2 (quarters 6-9) | 85.4 | 88.0 | -2.6 | -2.9% |
| Year 3 (quarters 10-13) | 76.5 | 77.7 | -1.2 | -1.5% |
| Total (quarters 2-13) | 97.3 | 98.9 | -1.5 ** | -1.6% |
| Average number of months receiving AFDC payments | | | | |
| Year 1 (quarters 2-5) | 10.79 | 10.99 | -0.20 | -1.8% |
| Year 2 (quarters 6-9) | 9.43 | 9.64 | -0.21 | -2.2% |
| Year 3 (quarters 10-13) | 8.32 | 8.62 | -0.30 | -3.5% |
| Total (quarters 2-13) | 28.54 | 29.25 | -0.71 | -2.4% |
| Ever received any AFDC payments (%) | | | | |
| Quarter of random assignment | 99.4 | 99.5 | -0.1 | -0.1% |
| Quarter 2 | 97.0 | 98.0 | -1.0 | -1.0% |
| Quarter 3 | 94.1 | 94.8 | -0.7 | -0.8% |
| Quarter 4 | 89.8 | 91.3 | -1.6 | -1.7% |
| Quarter 5 | 86.0 | 89.2 | -3.2 * | -3.6% |
| Quarter 6 | 83.3 | 86.8 | -3.5 * | -4.0% |
| Quarter 7 | 82.3 | 83.5 | -1.1 | -1.4% |
| Quarter 8 | 78.8 | 79.9 | -1.1 | -1.4% |
| Quarter 9 | 76.6 | 77.1 | -0.5 | -0.7% |
| Quarter 10 | 74.8 | 75.6 | -0.7 | -1.0% |
| Quarter 11 | 71.3 | 74.1 | -2.9 | -3.9% |
| Quarter 12 | 70.0 | 72.3 | -2.3 | -3.2% |
| Quarter 13 | 67.5 | 70.6 | -3.1 | -4.4% |
| Quarter 14 | -- | -- | -- | -- |
| Quarter 15 | -- | -- | -- | -- |
| Quarter 16 | -- | -- | -- | -- |
| Average total AFDC payments received ($) | | | | |
| Year 1 (quarters 2-5) | 6916 | 7066 | -150 | -2.1% |
| Year 2 (quarters 6-9) | 5816 | 6077 | -261 | -4.3% |
| Year 3 (quarters 10-13) | 4861 | 5232 | -371 ** | -7.1% |
| Total (quarters 2-13) | 17593 | 18375 | -782 * | -4.3% |
| Average AFDC payments received ($) | | | | |
| Quarter of random assignment | 1918 | 1925 | -7 | -0.3% |
| Quarter 2 | 1861 | 1865 | -4 | -0.2% |
| Quarter 3 | 1758 | 1784 | -26 | -1.5% |
| Quarter 4 | 1677 | 1737 | -60 * | -3.5% |
| Quarter 5 | 1620 | 1680 | -60 | -3.6% |
| Quarter 6 | 1552 | 1637 | -84 ** | -5.2% |
| Quarter 7 | 1485 | 1543 | -58 | -3.8% |
| Quarter 8 | 1420 | 1478 | -57 | -3.9% |
| Quarter 9 | 1359 | 1420 | -61 | -4.3% |
| Quarter 10 | 1299 | 1376 | -78 | -5.6% |
| Quarter 11 | 1239 | 1339 | -100 ** | -7.5% |
| Quarter 12 | 1193 | 1283 | -90 * | -7.0% |
| Quarter 13 | 1130 | 1233 | -103 ** | -8.3% |
| Quarter 14 | -- | -- | -- | -- |
| Quarter 15 | -- | -- | -- | -- |
| Quarter 16 | -- | -- | -- | -- |
| Sample size (total = 1205) | 602 | 603 | | |

SOURCE AND NOTES: See Table 4.1. Thirteen quarters of follow-up data are available for Alameda.

## TABLE D.3

## BUTTE AFDC–FGs: IMPACTS ON EMPLOYMENT, EARNINGS, AFDC RECEIPT, AND AFDC PAYMENTS

| Outcome and Follow–Up Period | Experimentals | Controls | Difference | Percentage Change |
|---|---|---|---|---|
| Ever employed (%) | | | | |
| Year 1 (quarters 2–5) | 42.3 | 45.6 | −3.3 | −7.2% |
| Year 2 (quarters 6–9) | 46.3 | 42.2 | 4.0 | 9.6% |
| Year 3 (quarters 10–13) | 46.7 | 42.5 | 4.3 | 10.1% |
| Total (quarters 2–13) | 63.4 | 63.7 | −0.2 | −0.4% |
| Average number of quarters with employment | | | | |
| Year 1 (quarters 2–5) | 1.04 | 0.99 | 0.05 | 4.8% |
| Year 2 (quarters 6–9) | 1.26 | 1.10 | 0.16 | 14.5% |
| Year 3 (quarters 10–13) | 1.32 | 1.17 | 0.15 | 12.4% |
| Total (quarters 2–13) | 3.61 | 3.26 | 0.35 | 10.8% |
| Ever employed (%) | | | | |
| Quarter of random assignment | 22.5 | 20.4 | 2.1 | 10.3% |
| Quarter 2 | 22.5 | 23.4 | −0.9 | −3.8% |
| Quarter 3 | 25.0 | 25.4 | −0.4 | −1.4% |
| Quarter 4 | 27.0 | 23.4 | 3.6 | 15.5% |
| Quarter 5 | 29.1 | 26.8 | 2.4 | 8.8% |
| Quarter 6 | 29.9 | 27.1 | 2.9 | 10.6% |
| Quarter 7 | 31.4 | 27.7 | 3.7 | 13.5% |
| Quarter 8 | 32.3 | 27.4 | 4.8 | 17.6% |
| Quarter 9 | 32.0 | 27.5 | 4.4 | 16.1% |
| Quarter 10 | 32.7 | 27.6 | 5.1 | 18.6% |
| Quarter 11 | 33.5 | 29.9 | 3.6 | 12.2% |
| Quarter 12 | 32.9 | 30.3 | 2.6 | 8.5% |
| Quarter 13 | 32.9 | 29.6 | 3.3 | 11.0% |
| Quarter 14 | 33.2 | 30.2 | 3.0 | 10.0% |
| Quarter 15 | -- | -- | -- | -- |
| Quarter 16 | -- | -- | -- | -- |
| Average total earnings ($) | | | | |
| Year 1 (quarters 2–5) | 2001 | 1729 | 272 | 15.7% |
| Year 2 (quarters 6–9) | 2998 | 2442 | 556 | 22.8% |
| Year 3 (quarters 10–13) | 3638 | 2992 | 647 | 21.6% |
| Total (quarters 2–13) | 8637 | 7163 | 1474 | 20.6% |
| Average total earnings ($) | | | | |
| Quarter of random assignment | 273 | 253 | 20 | 8.1% |
| Quarter 2 | 386 | 354 | 32 | 9.0% |
| Quarter 3 | 467 | 412 | 55 | 13.3% |
| Quarter 4 | 557 | 455 | 102 | 22.5% |
| Quarter 5 | 591 | 508 | 83 | 16.3% |
| Quarter 6 | 661 | 556 | 105 | 18.9% |
| Quarter 7 | 733 | 594 | 139 | 23.4% |
| Quarter 8 | 801 | 654 | 147 | 22.4% |
| Quarter 9 | 803 | 638 | 165 | 25.9% |
| Quarter 10 | 863 | 634 | 229 ** | 36.1% |
| Quarter 11 | 890 | 717 | 173 | 24.2% |
| Quarter 12 | 948 | 805 | 143 | 17.8% |
| Quarter 13 | 937 | 836 | 101 | 12.1% |
| Quarter 14 | 988 | 685 | 303 ** | 44.2% |
| Quarter 15 | -- | -- | -- | -- |
| Quarter 16 | -- | -- | -- | -- |

(continued)

## TABLE D.3 (continued)

| Outcome and Follow-Up Period | Experimentals | Controls | Difference | Percentage Change |
|---|---|---|---|---|
| Ever received any AFDC payments (%) | | | | |
| Year 1 (quarters 2-5) | 89.3 | 90.2 | -0.8 | -0.9% |
| Year 2 (quarters 6-9) | 65.9 | 66.1 | -0.3 | -0.4% |
| Year 3 (quarters 10-13) | 51.5 | 50.5 | 1.0 | 2.1% |
| Total (quarters 2-13) | 90.1 | 90.2 | -0.1 | -0.1% |
| Average number of months receiving AFDC payments | | | | |
| Year 1 (quarters 2-5) | 8.60 | 8.65 | -0.05 | -0.5% |
| Year 2 (quarters 6-9) | 6.15 | 6.29 | -0.13 | -2.1% |
| Year 3 (quarters 10-13) | 10.98 | 11.31 | -0.33 | -2.9% |
| Total (quarters 2-13) | 19.58 | 19.96 | -0.38 | -1.9% |
| Ever received any AFDC payments (%) | | | | |
| Quarter of random assignment | 89.8 | 90.1 | -0.3 | -0.4% |
| Quarter 2 | 88.6 | 89.4 | -0.7 | -0.8% |
| Quarter 3 | 79.8 | 76.4 | 3.4 | 4.5% |
| Quarter 4 | 70.7 | 70.6 | 0.1 | 0.2% |
| Quarter 5 | 65.0 | 68.4 | -3.4 | -5.0% |
| Quarter 6 | 60.8 | 63.8 | -3.0 | -4.7% |
| Quarter 7 | 56.2 | 56.7 | -0.4 | -0.8% |
| Quarter 8 | 51.9 | 52.7 | -0.8 | -1.5% |
| Quarter 9 | 49.4 | 47.7 | 1.7 | 3.6% |
| Quarter 10 | 46.8 | 48.6 | -1.8 | -3.7% |
| Quarter 11 | 43.2 | 45.3 | -2.2 | -4.8% |
| Quarter 12 | 41.2 | 42.0 | -0.9 | -2.1% |
| Quarter 13 | 39.7 | 41.0 | -1.3 | -3.2% |
| Quarter 14 | 38.1 | 37.8 | 0.3 | 0.8% |
| Quarter 15 | 35.6 | 37.2 | -1.6 | -4.3% |
| Quarter 16 | -- | -- | -- | -- |
| Average total AFDC payments received ($) | | | | |
| Year 1 (quarters 2-5) | 5132 | 5486 | -353 * | -6.4% |
| Year 2 (quarters 6-9) | 3715 | 4048 | -333 | -8.2% |
| Year 3 (quarters 10-13) | 2812 | 3101 | -290 | -9.3% |
| Total (quarters 2-13) | 11659 | 12635 | -976 | -7.7% |
| Average AFDC payments received ($) | | | | |
| Quarter of random assignment | 1440 | 1493 | -53 | -3.6% |
| Quarter 2 | 1496 | 1565 | -69 | -4.4% |
| Quarter 3 | 1331 | 1385 | -54 | -3.9% |
| Quarter 4 | 1200 | 1312 | -111 * | -8.5% |
| Quarter 5 | 1105 | 1224 | -118 * | -9.7% |
| Quarter 6 | 1046 | 1176 | -130 * | -11.1% |
| Quarter 7 | 945 | 1080 | -135 ** | -12.5% |
| Quarter 8 | 887 | 916 | -29 | -3.1% |
| Quarter 9 | 837 | 876 | -39 | -4.5% |
| Quarter 10 | 778 | 844 | -66 | -7.8% |
| Quarter 11 | 715 | 809 | -94 | -11.6% |
| Quarter 12 | 683 | 743 | -61 | -8.2% |
| Quarter 13 | 636 | 705 | -69 | -9.8% |
| Quarter 14 | 589 | 689 | -100 * | -14.5% |
| Quarter 15 | 542 | 633 | -91 | -14.4% |
| Quarter 16 | -- | -- | -- | -- |
| Sample size (total = 1229) | 986 | 243 | | |

SOURCE AND NOTES: See Table 4.1. Fourteen quarters of employment and earnings follow-up data and 15 quarters of AFDC data are available for Butte.

## TABLE D.4

## LOS ANGELES AFDC-FGs: IMPACTS ON EMPLOYMENT, EARNINGS, AFDC RECEIPT, AND AFDC PAYMENTS

| Outcome and Follow-Up Period | Experimentals | Controls | Difference | Percentage Change |
|---|---|---|---|---|
| Ever employed (%) | | | | |
| Year 1 (quarters 2-5) | 27.0 | 24.9 | 2.1 | 8.6% |
| Year 2 (quarters 6-9) | 26.9 | 22.9 | 4.0 *** | 17.5% |
| Year 3 (quarters 10-13) | 26.0 | 22.4 | 3.6 *** | 16.1% |
| Total (quarters 2-13) | 39.4 | 34.9 | 4.5 *** | 12.8% |
| Average number of quarters with employment | | | | |
| Year 1 (quarters 2-5) | 0.69 | 0.64 | 0.05 | 8.1% |
| Year 2 (quarters 6-9) | 0.75 | 0.67 | 0.08 ** | 12.6% |
| Year 3 (quarters 10-13) | 0.76 | 0.67 | 0.09 ** | 13.5% |
| Total (quarters 2-13) | 2.21 | 1.98 | 0.23 ** | 11.4% |
| Ever employed (%) | | | | |
| Quarter of random assignment | 14.6 | 13.0 | 1.6 * | 11.9% |
| Quarter 2 | 16.6 | 15.0 | 1.6 | 10.4% |
| Quarter 3 | 16.7 | 15.6 | 1.1 | 6.9% |
| Quarter 4 | 17.8 | 16.4 | 1.4 | 8.7% |
| Quarter 5 | 18.3 | 17.1 | 1.1 | 6.6% |
| Quarter 6 | 18.9 | 17.6 | 1.3 | 7.4% |
| Quarter 7 | 18.7 | 16.9 | 1.8 | 10.4% |
| Quarter 8 | 18.8 | 16.6 | 2.2 * | 13.2% |
| Quarter 9 | 19.1 | 15.9 | 3.2 *** | 20.3% |
| Quarter 10 | 19.1 | 16.8 | 2.3 * | 14.0% |
| Quarter 11 | 19.0 | 16.4 | 2.6 ** | 16.0% |
| Quarter 12 | 19.0 | 17.4 | 1.7 | 9.6% |
| Quarter 13 | 19.3 | 16.8 | 2.4 ** | 14.4% |
| Quarter 14 | 19.0 | 17.1 | 1.9 | 11.1% |
| Quarter 15 | -- | -- | -- | -- |
| Quarter 16 | -- | -- | -- | -- |
| Average total earnings ($) | | | | |
| Year 1 (quarters 2-5) | 1304 | 1308 | -4 | -0.3% |
| Year 2 (quarters 6-9) | 1699 | 1589 | 110 | 6.9% |
| Year 3 (quarters 10-13) | 1939 | 1786 | 153 | 8.6% |
| Total (quarters 2-13) | 4943 | 4683 | 260 | 5.5% |
| Average total earnings ($) | | | | |
| Quarter of random assignment | 195 | 184 | 11 | 6.0% |
| Quarter 2 | 266 | 254 | 12 | 4.6% |
| Quarter 3 | 307 | 313 | -7 | -2.1% |
| Quarter 4 | 359 | 367 | -8 | -2.2% |
| Quarter 5 | 372 | 373 | -1 | -0.3% |
| Quarter 6 | 399 | 399 | 0 | 0.0% |
| Quarter 7 | 410 | 399 | 10 | 2.6% |
| Quarter 8 | 442 | 396 | 46 | 11.7% |
| Quarter 9 | 448 | 395 | 53 | 13.5% |
| Quarter 10 | 472 | 425 | 48 | 11.2% |
| Quarter 11 | 479 | 424 | 55 | 12.9% |
| Quarter 12 | 493 | 470 | 24 | 5.1% |
| Quarter 13 | 495 | 467 | 28 | 5.9% |
| Quarter 14 | 503 | 461 | 42 | 9.1% |
| Quarter 15 | -- | -- | -- | -- |
| Quarter 16 | -- | -- | -- | -- |

(continued)

### TABLE D.4 (continued)

| Outcome and Follow-Up Period | Experimentals | Controls | Difference | Percentage Change |
|---|---|---|---|---|
| Ever received any AFDC payments (%) | | | | |
| Year 1 (quarters 2-5) | 97.0 | 97.3 | -0.3 | -0.3% |
| Year 2 (quarters 6-9) | 83.0 | 86.5 | -3.5 *** | -4.1% |
| Year 3 (quarters 10-13) | 72.9 | 75.2 | -2.3 | -3.0% |
| Total (quarters 2-13) | 97.3 | 97.6 | -0.3 | -0.3% |
| Average number of months receiving AFDC payments | | | | |
| Year 1 (quarters 2-5) | 10.58 | 10.89 | -0.31 *** | -2.8% |
| Year 2 (quarters 6-9) | 9.14 | 9.55 | -0.41 *** | -4.3% |
| Year 3 (quarters 10-13) | 7.95 | 8.30 | -0.35 ** | -4.2% |
| Total (quarters 2-13) | 27.67 | 28.74 | -1.07 *** | -3.7% |
| Ever received any AFDC payments (%) | | | | |
| Quarter of random assignment | 96.2 | 96.3 | -0.1 | -0.1% |
| Quarter 2 | 95.7 | 95.5 | 0.2 | 0.2% |
| Quarter 3 | 91.8 | 94.6 | -2.8 *** | -3.0% |
| Quarter 4 | 88.9 | 91.6 | -2.7 *** | -3.0% |
| Quarter 5 | 84.8 | 87.9 | -3.1 *** | -3.6% |
| Quarter 6 | 81.8 | 85.7 | -3.9 *** | -4.5% |
| Quarter 7 | 79.0 | 82.5 | -3.4 *** | -4.2% |
| Quarter 8 | 76.8 | 79.5 | -2.6 * | -3.3% |
| Quarter 9 | 74.0 | 76.3 | -2.3 | -3.0% |
| Quarter 10 | 71.5 | 74.0 | -2.5 * | -3.4% |
| Quarter 11 | 69.5 | 71.2 | -1.6 | -2.3% |
| Quarter 12 | 66.7 | 69.7 | -3.0 ** | -4.3% |
| Quarter 13 | 63.8 | 67.5 | -3.7 ** | -5.5% |
| Quarter 14 | 61.7 | 65.0 | -3.3 ** | -5.1% |
| Quarter 15 | 59.6 | 62.9 | -3.3 ** | -5.2% |
| Quarter 16 | -- | -- | -- | -- |
| Average total AFDC payments received ($) | | | | |
| Year 1 (quarters 2-5) | 6874 | 7202 | -328 *** | -4.5% |
| Year 2 (quarters 6-9) | 5711 | 6111 | -401 *** | -6.6% |
| Year 3 (quarters 10-13) | 4729 | 5006 | -277 ** | -5.5% |
| Total (quarters 2-13) | 17314 | 18319 | -1005 *** | -5.5% |
| Average AFDC payments received ($) | | | | |
| Quarter of random assignment | 1917 | 1922 | -5 | -0.3% |
| Quarter 2 | 1861 | 1901 | -40 *** | -2.1% |
| Quarter 3 | 1752 | 1855 | -103 *** | -5.6% |
| Quarter 4 | 1673 | 1765 | -91 *** | -5.2% |
| Quarter 5 | 1588 | 1681 | -93 *** | -5.5% |
| Quarter 6 | 1525 | 1638 | -112 *** | -6.9% |
| Quarter 7 | 1461 | 1567 | -107 *** | -6.8% |
| Quarter 8 | 1398 | 1498 | -100 *** | -6.7% |
| Quarter 9 | 1327 | 1408 | -81 *** | -5.8% |
| Quarter 10 | 1261 | 1332 | -71 ** | -5.3% |
| Quarter 11 | 1225 | 1287 | -62 ** | -4.8% |
| Quarter 12 | 1161 | 1236 | -75 *** | -6.1% |
| Quarter 13 | 1082 | 1151 | -69 ** | -6.0% |
| Quarter 14 | 1019 | 1085 | -66 ** | -6.1% |
| Quarter 15 | 973 | 1038 | -65 ** | -6.3% |
| Quarter 16 | -- | -- | -- | -- |
| Sample size (total = 4396) | 2995 | 1401 | | |

SOURCE AND NOTES: See Table 4.1. Fourteen quarters of employment and earnings follow-up data and 15 quarters of AFDC data are available for Los Angeles.

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## TABLE D.5

## RIVERSIDE AFDC-FGs: IMPACTS ON EMPLOYMENT, EARNINGS, AFDC RECEIPT, AND AFDC PAYMENTS

| Outcome and Follow-Up Period | Experimentals | Controls | Difference | Percentage Change |
|---|---|---|---|---|
| Ever employed (%) | | | | |
| Year 1 (quarters 2-5) | 52.1 | 34.0 | 18.0 *** | 53.0% |
| Year 2 (quarters 6-9) | 49.4 | 35.4 | 14.0 *** | 39.6% |
| Year 3 (quarters 10-13) | 44.5 | 35.2 | 9.3 *** | 26.3% |
| Total (quarters 2-13) | 67.1 | 53.4 | 13.6 *** | 25.5% |
| Average number of quarters with employment | | | | |
| Year 1 (quarters 2-5) | 1.34 | 0.84 | 0.51 *** | 60.6% |
| Year 2 (quarters 6-9) | 1.42 | 0.97 | 0.45 *** | 46.4% |
| Year 3 (quarters 10-13) | 1.31 | 0.98 | 0.33 *** | 33.5% |
| Total (quarters 2-13) | 4.07 | 2.78 | 1.28 *** | 46.1% |
| Ever employed (%) | | | | |
| Quarter of random assignment | 21.6 | 16.7 | 4.9 *** | 29.1% |
| Quarter 2 | 31.2 | 19.1 | 12.1 *** | 63.1% |
| Quarter 3 | 33.4 | 20.4 | 13.0 *** | 63.9% |
| Quarter 4 | 34.3 | 22.0 | 12.3 *** | 55.8% |
| Quarter 5 | 35.3 | 22.1 | 13.3 *** | 60.2% |
| Quarter 6 | 35.4 | 22.6 | 12.7 *** | 56.2% |
| Quarter 7 | 35.5 | 25.3 | 10.2 *** | 40.3% |
| Quarter 8 | 35.5 | 24.8 | 10.7 *** | 43.2% |
| Quarter 9 | 35.3 | 24.0 | 11.3 *** | 47.0% |
| Quarter 10 | 34.3 | 24.5 | 9.8 *** | 39.9% |
| Quarter 11 | 33.5 | 24.8 | 8.7 *** | 35.1% |
| Quarter 12 | 32.0 | 24.2 | 7.8 *** | 32.2% |
| Quarter 13 | 31.2 | 24.6 | 6.6 *** | 26.7% |
| Quarter 14 | 31.7 | 24.3 | 7.5 *** | 30.8% |
| Quarter 15 | -- | -- | -- | -- |
| Quarter 16 | -- | -- | -- | -- |
| Average total earnings ($) | | | | |
| Year 1 (quarters 2-5) | 2470 | 1550 | 920 *** | 59.3% |
| Year 2 (quarters 6-9) | 3416 | 2233 | 1183 *** | 53.0% |
| Year 3 (quarters 10-13) | 3562 | 2552 | 1010 *** | 39.6% |
| Total (quarters 2-13) | 9448 | 6335 | 3113 *** | 49.1% |
| Average total earnings ($) | | | | |
| Quarter of random assignment | 230 | 168 | 62 *** | 37.1% |
| Quarter 2 | 458 | 259 | 198 *** | 76.4% |
| Quarter 3 | 603 | 381 | 222 *** | 58.2% |
| Quarter 4 | 671 | 443 | 228 *** | 51.5% |
| Quarter 5 | 738 | 466 | 271 *** | 58.2% |
| Quarter 6 | 808 | 497 | 311 *** | 62.5% |
| Quarter 7 | 845 | 580 | 265 *** | 45.6% |
| Quarter 8 | 876 | 591 | 285 *** | 48.2% |
| Quarter 9 | 887 | 565 | 322 *** | 57.0% |
| Quarter 10 | 896 | 605 | 291 *** | 48.1% |
| Quarter 11 | 885 | 617 | 268 *** | 43.4% |
| Quarter 12 | 898 | 660 | 238 *** | 36.1% |
| Quarter 13 | 884 | 671 | 213 *** | 31.8% |
| Quarter 14 | 917 | 650 | 266 *** | 40.9% |
| Quarter 15 | -- | -- | -- | -- |
| Quarter 16 | -- | -- | -- | -- |

(continued)

## TABLE D.5 (continued)

| Outcome and Follow-Up Period | Experimentals | Controls | Difference | Percentage Change |
|---|---|---|---|---|
| Ever received any AFDC payments (%) | | | | |
| Year 1 (quarters 2-5) | 90.8 | 90.8 | 0.1 | 0.1% |
| Year 2 (quarters 6-9) | 59.7 | 65.4 | -5.7 *** | -8.7% |
| Year 3 (quarters 10-13) | 49.8 | 54.7 | -4.9 *** | -8.9% |
| Total (quarters 2-13) | 91.8 | 91.9 | -0.1 | -0.1% |
| Average number of months receiving AFDC payments | | | | |
| Year 1 (quarters 2-5) | 8.05 | 8.70 | -0.66 *** | -7.5% |
| Year 2 (quarters 6-9) | 5.68 | 6.41 | -0.72 *** | -11.3% |
| Year 3 (quarters 10-13) | 4.81 | 5.55 | -0.73 *** | -13.2% |
| Total (quarters 2-13) | 18.54 | 20.66 | -2.11 *** | -10.2% |
| Ever received any AFDC payments (%) | | | | |
| Quarter of random assignment | 93.9 | 94.5 | -0.6 | -0.7% |
| Quarter 2 | 89.4 | 89.2 | 0.3 | 0.3% |
| Quarter 3 | 75.8 | 79.6 | -3.9 *** | -4.8% |
| Quarter 4 | 66.0 | 72.6 | -6.6 *** | -9.1% |
| Quarter 5 | 58.7 | 65.9 | -7.2 *** | -11.0% |
| Quarter 6 | 54.6 | 61.1 | -6.5 *** | -10.6% |
| Quarter 7 | 51.7 | 57.0 | -5.3 *** | -9.3% |
| Quarter 8 | 49.1 | 55.1 | -6.1 *** | -11.0% |
| Quarter 9 | 46.6 | 52.0 | -5.4 *** | -10.3% |
| Quarter 10 | 45.0 | 50.4 | -5.4 *** | -10.7% |
| Quarter 11 | 43.1 | 49.6 | -6.5 *** | -13.1% |
| Quarter 12 | 41.7 | 47.5 | -5.8 *** | -12.2% |
| Quarter 13 | 40.6 | 45.8 | -5.2 *** | -11.4% |
| Quarter 14 | 38.9 | 44.0 | -5.1 *** | -11.6% |
| Quarter 15 | 37.2 | 42.2 | -5.0 *** | -11.8% |
| Quarter 16 | -- | -- | -- | -- |
| Average total AFDC payments received ($) | | | | |
| Year 1 (quarters 2-5) | 4962 | 5658 | -695 *** | -12.3% |
| Year 2 (quarters 6-9) | 3458 | 4161 | -703 *** | -16.9% |
| Year 3 (quarters 10-13) | 2864 | 3448 | -584 *** | -16.9% |
| Total (quarters 2-13) | 11284 | 13267 | -1983 *** | -14.9% |
| Average AFDC payments received ($) | | | | |
| Quarter of random assignment | 1667 | 1668 | -1 | -0.0% |
| Quarter 2 | 1598 | 1683 | -85 *** | -5.0% |
| Quarter 3 | 1261 | 1441 | -181 *** | -12.5% |
| Quarter 4 | 1105 | 1327 | -222 *** | -16.7% |
| Quarter 5 | 998 | 1206 | -207 *** | -17.2% |
| Quarter 6 | 932 | 1133 | -201 *** | -17.7% |
| Quarter 7 | 891 | 1060 | -168 *** | -15.9% |
| Quarter 8 | 841 | 1008 | -167 *** | -16.6% |
| Quarter 9 | 793 | 960 | -167 *** | -17.4% |
| Quarter 10 | 758 | 922 | -165 *** | -17.8% |
| Quarter 11 | 736 | 895 | -158 *** | -17.7% |
| Quarter 12 | 703 | 838 | -135 *** | -16.1% |
| Quarter 13 | 667 | 793 | -126 *** | -15.9% |
| Quarter 14 | 637 | 758 | -121 *** | -15.9% |
| Quarter 15 | 602 | 716 | -113 *** | -15.8% |
| Quarter 16 | -- | -- | -- | -- |
| Sample size (total = 5508) | 4457 | 1051 | | |

SOURCE AND NOTES: See Table 4.1. Fourteen quarters of employment and earnings follow-up data and 15 quarters of AFDC data are available for Riverside.

## TABLE D.6

## SAN DIEGO AFDC-FGs: IMPACTS ON EMPLOYMENT, EARNINGS, AFDC RECEIPT, AND AFDC PAYMENTS

| Outcome and Follow-Up Period | Experimentals | Controls | Difference | Percentage Change |
|---|---|---|---|---|
| Ever employed (%) | | | | |
| Year 1 (quarters 2-5) | 46.0 | 40.0 | 6.0 *** | 14.9% |
| Year 2 (quarters 6-9) | 45.8 | 40.8 | 5.1 *** | 12.4% |
| Year 3 (quarters 10-13) | 42.5 | 37.3 | 5.2 *** | 13.9% |
| Total (quarters 2-13) | 62.2 | 56.5 | 5.7 *** | 10.0% |
| Average number of quarters with employment | | | | |
| Year 1 (quarters 2-5) | 1.22 | 1.04 | 0.18 *** | 17.2% |
| Year 2 (quarters 6-9) | 1.32 | 1.12 | 0.20 *** | 18.2% |
| Year 3 (quarters 10-13) | 1.28 | 1.10 | 0.18 *** | 16.2% |
| Total (quarters 2-13) | 3.81 | 3.25 | 0.56 *** | 17.2% |
| Ever employed (%) | | | | |
| Quarter of random assignment | 24.1 | 23.2 | 0.9 | 3.7% |
| Quarter 2 | 26.3 | 23.3 | 3.0 ** | 12.8% |
| Quarter 3 | 30.0 | 25.9 | 4.2 *** | 16.2% |
| Quarter 4 | 32.2 | 27.0 | 5.2 *** | 19.2% |
| Quarter 5 | 33.1 | 27.6 | 5.5 *** | 19.9% |
| Quarter 6 | 33.3 | 28.6 | 4.8 *** | 16.7% |
| Quarter 7 | 33.2 | 28.4 | 4.8 *** | 17.1% |
| Quarter 8 | 33.0 | 28.2 | 4.7 *** | 16.7% |
| Quarter 9 | 32.5 | 26.4 | 6.0 *** | 22.7% |
| Quarter 10 | 32.5 | 26.8 | 5.7 *** | 21.1% |
| Quarter 11 | 31.9 | 28.0 | 3.9 *** | 13.7% |
| Quarter 12 | 31.5 | 26.9 | 4.6 *** | 16.9% |
| Quarter 13 | 31.7 | 28.0 | 3.7 *** | 13.4% |
| Quarter 14 | 31.5 | 28.6 | 2.9 ** | 10.3% |
| Quarter 15 | 31.3 | 28.8 | 2.4 * | 8.5% |
| Quarter 16 | 31.1 | 28.4 | 2.7 * | 9.6% |
| Average total earnings ($) | | | | |
| Year 1 (quarters 2-5) | 2462 | 2113 | 349 ** | 16.5% |
| Year 2 (quarters 6-9) | 3503 | 2794 | 709 *** | 25.4% |
| Year 3 (quarters 10-13) | 3821 | 3108 | 713 *** | 23.0% |
| Total (quarters 2-13) | 9786 | 8014 | 1772 *** | 22.1% |
| Average total earnings ($) | | | | |
| Quarter of random assignment | 272 | 231 | 41 ** | 17.8% |
| Quarter 2 | 432 | 349 | 83 *** | 23.6% |
| Quarter 3 | 582 | 494 | 88 ** | 17.7% |
| Quarter 4 | 693 | 593 | 101 ** | 17.0% |
| Quarter 5 | 755 | 676 | 78 * | 11.6% |
| Quarter 6 | 836 | 691 | 145 *** | 21.1% |
| Quarter 7 | 869 | 685 | 183 *** | 26.7% |
| Quarter 8 | 888 | 699 | 189 *** | 27.0% |
| Quarter 9 | 910 | 718 | 192 *** | 26.7% |
| Quarter 10 | 942 | 745 | 198 *** | 26.5% |
| Quarter 11 | 944 | 742 | 202 *** | 27.3% |
| Quarter 12 | 965 | 768 | 197 *** | 25.6% |
| Quarter 13 | 969 | 853 | 117 * | 13.7% |
| Quarter 14 | 1015 | 896 | 119 * | 13.3% |
| Quarter 15 | 1018 | 892 | 126 ** | 14.1% |
| Quarter 16 | 1028 | 895 | 133 ** | 14.9% |

(continued)

## TABLE D.6 (continued)

| Outcome and Follow-Up Period | Experimentals | Controls | Difference | Percentage Change |
|---|---|---|---|---|
| Ever received any AFDC payments (%) | | | | |
| Year 1 (quarters 2-5) | 94.8 | 95.3 | -0.5 | -0.6% |
| Year 2 (quarters 6-9) | 68.2 | 71.5 | -3.2 ** | -4.5% |
| Year 3 (quarters 10-13) | 57.4 | 61.2 | -3.7 ** | -6.1% |
| Total (quarters 2-13) | 95.6 | 95.9 | -0.4 | -0.4% |
| Average number of months receiving AFDC payments | | | | |
| Year 1 (quarters 2-5) | 9.11 | 9.48 | -0.37 *** | -3.9% |
| Year 2 (quarters 6-9) | 6.84 | 7.44 | -0.60 *** | -8.1% |
| Year 3 (quarters 10-13) | 5.93 | 6.36 | -0.43 ** | -6.7% |
| Total (quarters 2-13) | 21.88 | 23.29 | -1.40 *** | -6.0% |
| Ever received any AFDC payments (%) | | | | |
| Quarter of random assignment | 98.4 | 98.4 | -0.0 | -0.0% |
| Quarter 2 | 94.1 | 94.7 | -0.6 | -0.7% |
| Quarter 3 | 83.3 | 85.6 | -2.2 * | -2.6% |
| Quarter 4 | 74.8 | 77.9 | -3.0 ** | -3.9% |
| Quarter 5 | 69.1 | 72.1 | -3.1 ** | -4.2% |
| Quarter 6 | 63.9 | 67.5 | -3.6 ** | -5.4% |
| Quarter 7 | 60.3 | 65.7 | -5.3 *** | -8.1% |
| Quarter 8 | 58.3 | 63.7 | -5.4 *** | -8.5% |
| Quarter 9 | 56.0 | 61.1 | -5.1 ** | -8.3% |
| Quarter 10 | 53.8 | 58.0 | -4.2 *** | -7.2% |
| Quarter 11 | 52.2 | 55.6 | -3.4 ** | -6.1% |
| Quarter 12 | 50.5 | 53.8 | -3.4 ** | -6.3% |
| Quarter 13 | 49.0 | 51.9 | -3.0 * | -5.7% |
| Quarter 14 | 47.0 | 49.2 | -2.2 | -4.5% |
| Quarter 15 | 45.5 | 47.7 | -2.2 | -4.6% |
| Quarter 16 | 43.9 | 45.6 | -1.7 | -3.7% |
| Average total AFDC payments received ($) | | | | |
| Year 1 (quarters 2-5) | 5529 | 5832 | -302 *** | -5.2% |
| Year 2 (quarters 6-9) | 4199 | 4679 | -480 *** | -10.3% |
| Year 3 (quarters 10-13) | 3555 | 3908 | -353 *** | -9.0% |
| Total (quarters 2-13) | 13283 | 14419 | -1136 *** | -7.9% |
| Average AFDC payments received ($) | | | | |
| Quarter of random assignment | 1584 | 1600 | -16 | -1.0% |
| Quarter 2 | 1606 | 1652 | -46 ** | -2.8% |
| Quarter 3 | 1416 | 1490 | -74 *** | -5.0% |
| Quarter 4 | 1300 | 1396 | -97 *** | -6.9% |
| Quarter 5 | 1207 | 1293 | -86 *** | -6.7% |
| Quarter 6 | 1126 | 1226 | -100 *** | -8.2% |
| Quarter 7 | 1063 | 1186 | -124 *** | -10.4% |
| Quarter 8 | 1025 | 1154 | -128 *** | -11.1% |
| Quarter 9 | 985 | 1113 | -128 *** | -11.5% |
| Quarter 10 | 946 | 1051 | -105 *** | -10.0% |
| Quarter 11 | 909 | 1005 | -96 *** | -9.6% |
| Quarter 12 | 869 | 956 | -86 *** | -9.0% |
| Quarter 13 | 830 | 896 | -66 ** | -7.4% |
| Quarter 14 | 791 | 842 | -52 * | -6.1% |
| Quarter 15 | 755 | 806 | -51 * | -6.3% |
| Quarter 16 | 715 | 769 | -54 ** | -7.0% |
| Sample size (total = 8219) | 7049 | 1170 | | |

SOURCE AND NOTES: See Table 4.1. Sixteen quarters of follow-up data are available for San Diego.

## TABLE D.7

## TULARE AFDC-FGs: IMPACTS ON EMPLOYMENT, EARNINGS, AFDC RECEIPT, AND AFDC PAYMENTS

| Outcome and Follow-Up Period | Experimentals | Controls | Difference | Percentage Change |
|---|---|---|---|---|
| Ever employed (%) | | | | |
| Year 1 (quarters 2-5) | 39.9 | 40.9 | -1.0 | -2.4% |
| Year 2 (quarters 6-9) | 41.8 | 42.3 | -0.5 | -1.2% |
| Year 3 (quarters 10-13) | 43.9 | 38.0 | 5.8 *** | 15.3% |
| Total (quarters 2-13) | 59.5 | 55.3 | 4.2 ** | 7.6% |
| Average number of quarters with employment | | | | |
| Year 1 (quarters 2-5) | 1.00 | 1.04 | -0.04 | -3.5% |
| Year 2 (quarters 6-9) | 1.15 | 1.14 | 0.01 | 0.9% |
| Year 3 (quarters 10-13) | 1.26 | 1.07 | 0.18 ** | 17.0% |
| Total (quarters 2-13) | 3.41 | 3.25 | 0.16 | 4.8% |
| Ever employed (%) | | | | |
| Quarter of random assignment | 19.8 | 21.7 | -2.0 | -9.1% |
| Quarter 2 | 22.8 | 23.6 | -0.8 | -3.6% |
| Quarter 3 | 24.8 | 25.8 | -1.0 | -3.8% |
| Quarter 4 | 25.7 | 27.5 | -1.8 | -6.4% |
| Quarter 5 | 27.0 | 27.0 | -0.1 | -0.2% |
| Quarter 6 | 29.2 | 28.0 | 1.2 | 4.3% |
| Quarter 7 | 28.4 | 30.7 | -2.3 | -7.5% |
| Quarter 8 | 28.6 | 29.5 | -0.9 | -3.1% |
| Quarter 9 | 28.5 | 25.5 | 3.0 | 11.7% |
| Quarter 10 | 31.2 | 27.1 | 4.1 ** | 15.2% |
| Quarter 11 | 30.7 | 27.1 | 3.5 * | 13.0% |
| Quarter 12 | 32.4 | 26.5 | 5.9 *** | 22.2% |
| Quarter 13 | 31.4 | 26.6 | 4.8 ** | 17.9% |
| Quarter 14 | -- | -- | -- | -- |
| Quarter 15 | -- | -- | -- | -- |
| Quarter 16 | -- | -- | -- | -- |
| Average total earnings ($) | | | | |
| Year 1 (quarters 2-5) | 1792 | 1941 | -149 | -7.7% |
| Year 2 (quarters 6-9) | 2536 | 2531 | 5 | 0.2% |
| Year 3 (quarters 10-13) | 3111 | 2594 | 518 ** | 20.0% |
| Total (quarters 2-13) | 7439 | 7066 | 374 | 5.3% |
| Average total earnings ($) | | | | |
| Quarter of random assignment | 220 | 240 | -20 | -8.2% |
| Quarter 2 | 327 | 329 | -2 | -0.6% |
| Quarter 3 | 435 | 431 | 4 | 0.9% |
| Quarter 4 | 512 | 575 | -63 | -11.0% |
| Quarter 5 | 519 | 606 | -88 | -14.5% |
| Quarter 6 | 619 | 623 | -3 | -0.5% |
| Quarter 7 | 632 | 630 | 2 | 0.3% |
| Quarter 8 | 629 | 672 | -42 | -6.3% |
| Quarter 9 | 655 | 606 | 48 | 8.0% |
| Quarter 10 | 754 | 660 | 94 | 14.2% |
| Quarter 11 | 769 | 657 | 112 | 17.1% |
| Quarter 12 | 789 | 664 | 125 * | 18.8% |
| Quarter 13 | 799 | 612 | 187 ** | 30.5% |
| Quarter 14 | -- | -- | -- | -- |
| Quarter 15 | -- | -- | -- | -- |
| Quarter 16 | -- | -- | -- | -- |

(continued)

TABLE D.7 (continued)

| Outcome and Follow-Up Period | Experimentals | Controls | Difference | Percentage Change |
|---|---|---|---|---|
| Ever received any AFDC payments (%) | | | | |
| Year 1 (quarters 2-5) | 95.5 | 94.5 | 1.1 | 1.1% |
| Year 2 (quarters 6-9) | 75.7 | 75.0 | 0.7 | 0.9% |
| Year 3 (quarters 10-13) | 65.6 | 63.9 | 1.7 | 2.6% |
| Total (quarters 2-13) | 95.9 | 94.7 | 1.3 | 1.3% |
| Average number of months receiving AFDC payments | | | | |
| Year 1 (quarters 2-5) | 9.72 | 9.59 | 0.13 | 1.3% |
| Year 2 (quarters 6-9) | 7.84 | 7.70 | 0.14 | 1.8% |
| Year 3 (quarters 10-13) | 6.67 | 6.83 | -0.16 | -2.3% |
| Total (quarters 2-13) | 24.24 | 24.13 | 0.11 | 0.5% |
| Ever received any AFDC payments (%) | | | | |
| Quarter of random assignment | 96.4 | 95.3 | 1.2 | 1.2% |
| Quarter 2 | 94.3 | 93.6 | 0.6 | 0.7% |
| Quarter 3 | 87.0 | 86.7 | 0.3 | 0.4% |
| Quarter 4 | 81.0 | 81.0 | -0.0 | -0.0% |
| Quarter 5 | 76.7 | 75.0 | 1.7 | 2.3% |
| Quarter 6 | 72.3 | 71.6 | 0.7 | 1.0% |
| Quarter 7 | 68.5 | 68.7 | -0.2 | -0.4% |
| Quarter 8 | 66.2 | 64.4 | 1.8 | 2.7% |
| Quarter 9 | 65.4 | 62.2 | 3.1 | 5.0% |
| Quarter 10 | 62.5 | 61.5 | 1.0 | 1.6% |
| Quarter 11 | 59.8 | 60.5 | -0.7 | -1.1% |
| Quarter 12 | 56.6 | 58.4 | -1.8 | -3.0% |
| Quarter 13 | 54.5 | 56.2 | -1.7 | -3.1% |
| Quarter 14 | -- | -- | -- | -- |
| Quarter 15 | -- | -- | -- | -- |
| Quarter 16 | -- | -- | -- | -- |
| Average total AFDC payments received ($) | | | | |
| Year 1 (quarters 2-5) | 6363 | 6231 | 132 | 2.1% |
| Year 2 (quarters 6-9) | 5118 | 5023 | 95 | 1.9% |
| Year 3 (quarters 10-13) | 4171 | 4284 | -113 | -2.6% |
| Total (quarters 2-13) | 15653 | 15538 | 114 | 0.7% |
| Average AFDC payments received ($) | | | | |
| Quarter of random assignment | 1669 | 1674 | -5 | -0.3% |
| Quarter 2 | 1757 | 1726 | 31 | 1.8% |
| Quarter 3 | 1639 | 1608 | 32 | 2.0% |
| Quarter 4 | 1521 | 1505 | 15 | 1.0% |
| Quarter 5 | 1446 | 1392 | 53 | 3.8% |
| Quarter 6 | 1369 | 1323 | 45 | 3.4% |
| Quarter 7 | 1291 | 1298 | -7 | -0.5% |
| Quarter 8 | 1249 | 1213 | 36 | 2.9% |
| Quarter 9 | 1210 | 1188 | 21 | 1.8% |
| Quarter 10 | 1147 | 1153 | -6 | -0.5% |
| Quarter 11 | 1071 | 1109 | -38 | -3.5% |
| Quarter 12 | 1003 | 1034 | -31 | -3.0% |
| Quarter 13 | 950 | 988 | -37 | -3.8% |
| Quarter 14 | -- | -- | -- | -- |
| Quarter 15 | -- | -- | -- | -- |
| Quarter 16 | -- | -- | -- | -- |
| Sample size (total = 2234) | 1588 | 646 | | |

SOURCE AND NOTES: See Table 4.1. Thirteen quarters of follow-up data are available for Tulare.

## TABLE D.8

## GAIN's IMPACTS ON THE PERCENTAGE OF AFDC-FG REGISTRANTS WITH EARNINGS IN YEAR 3 AT OR ABOVE SPECIFIED LEVELS

| County and Research Group | In Year 3, Percentage Who Earned: $3,500 or more | $5,000 or more | $7,500 or more | $9,000 or more | $10,000 or more | $12,500 or more | $16,500 or more |
|---|---|---|---|---|---|---|---|
| **Alameda** | | | | | | | |
| Experimentals | 19.4 | 16.4 | 13.8 | 12.3 | 10.6 | 8.1 | 5.2 |
| Controls | 14.6 | 12.7 | 10.6 | 9.0 | 8.4 | 6.2 | 3.2 |
| Difference | 4.8 ** | 3.7 * | 3.2 * | 3.3 * | 2.2 | 1.9 | 2.0 * |
| Sample size (total=1205) | | | | | | | |
| **Butte** | | | | | | | |
| Experimentals | 25.8 | 21.9 | 17.5 | 15.4 | 14.6 | 10.3 | 6.1 |
| Controls | 24.5 | 18.8 | 13.6 | 10.6 | 10.2 | 8.2 | 3.6 |
| Difference | 1.3 | 3.1 | 3.9 | 4.8 ** | 4.3 * | 2.1 | 2.5 |
| Sample size (total=1229) | | | | | | | |
| **Los Angeles** | | | | | | | |
| Experimentals | 15.0 | 12.6 | 10.2 | 8.7 | 7.7 | 5.7 | 3.2 |
| Controls | 13.7 | 12.0 | 9.1 | 7.8 | 6.7 | 5.1 | 2.8 |
| Difference | 1.3 | 0.6 | 1.1 | 0.9 | 1.0 | 0.6 | 0.4 |
| Sample size (total=4396) | | | | | | | |
| **Riverside** | | | | | | | |
| Experimentals | 27.6 | 23.7 | 18.0 | 15.5 | 13.7 | 9.6 | 5.8 |
| Controls | 20.0 | 17.1 | 11.9 | 10.8 | 9.5 | 7.8 | 3.8 |
| Difference | 7.6 *** | 6.6 *** | 6.1 *** | 4.7 *** | 4.2 *** | 1.8 * | 2.0 *** |
| Sample size (total=5508) | | | | | | | |
| **San Diego** | | | | | | | |
| Experimentals | 27.2 | 23.3 | 18.7 | 16.4 | 15.0 | 11.7 | 7.3 |
| Controls | 23.2 | 19.7 | 15.2 | 13.5 | 12.0 | 9.6 | 5.8 |
| Difference | 4.0 *** | 3.6 *** | 3.5 *** | 2.9 *** | 3.1 *** | 2.1 ** | 1.5 * |
| Sample size (total=8219) | | | | | | | |
| **Tulare** | | | | | | | |
| Experimentals | 25.2 | 20.6 | 15.6 | 13.2 | 11.2 | 7.8 | 4.5 |
| Controls | 21.4 | 17.6 | 12.6 | 10.2 | 8.2 | 6.0 | 4.2 |
| Difference | 3.8 ** | 3.0 * | 3.0 * | 3.0 ** | 3.0 ** | 1.8 | 0.3 |
| Sample size (total=2234) | | | | | | | |

SOURCE: See Table 4.1.

NOTES: See Table 4.1.
The earnings levels were selected to approximate the following earnings patterns, rounded to the nearest $500:
$ 3,500: roughly what a $ 4.25-per-hour, 15 hour-per-week job would have paid ($ 3,315)
$ 5,000: roughly what a $ 5.00-per-hour, 20 hour-per-week job would have paid ($ 5,200)
$ 7,500: roughly what a $ 7.00-per-hour, 20 hour-per-week job would have paid ($ 7,280)
$ 9,000: roughly what a $ 5.00-per-hour, 35 hour-per-week job would have paid ($ 9,100)
$ 10,000: roughly what a $ 5.00-per-hour, 40 hour-per-week job would have paid ($ 10,400)
$ 12,500: roughly what a $ 7.00-per-hour, 35 hour-per-week job would have paid ($ 12,740)
$ 16,500: roughly what a $ 8.00-per-hour, 40 hour-per-week job would have paid ($ 16,640)

## TABLE D.9

## GAIN's THREE-YEAR IMPACTS ON EARNINGS AND AFDC PAYMENTS FOR SELECTED SUBGROUPS OF AFDC-FG REGISTRANTS

| Subgroup and County | Total Sample Size | Average Total Earnings | | | Average Total AFDC Payments | | |
|---|---|---|---|---|---|---|---|
| | | Experimentals ($) | Controls ($) | Difference ($) | Experimentals ($) | Controls ($) | Difference ($) |
| **Received AFDC continuously for at least 6 years prior to GAIN orientation** | | | | | | | |
| No | | | | | | | |
| Alameda | 399 | 8497 | 6384 | 2113 * | 16406 | 17266 | -862 |
| Butte | 1066 | 9316 | 7938 | 1378 | 11205 | 12304 | -1099 * |
| Riverside | 4241 | 10020 | 7047 | 2973 *** | 10562 | 12430 | -1868 *** |
| San Diego | 6500 | 10542 | 8890 | 1652 *** | 12447 | 13515 | -1068 *** |
| Tulare | 1496 | 8815 | 8343 | 472 | 14267 | 14071 | 196 |
| Yes | | | | | | | |
| Alameda | 806 | 5403 | 4218 | 1184 | 18182 | 18923 | -740 |
| Butte | 163 | 4185 | 2126 | 2059 | 14627 | 14768 | -141 |
| Riverside | 1267 | 7521 | 4039 | 3482 *** | 13720 | 15959 | -2239 *** |
| San Diego | 1719 | 6925 | 4681 | 2244 ** | 16448 | 17841 | -1393 ** |
| Tulare | 738 | 4641 | 4498 | 143 | 18466 | 18501 | -35 |
| **Employed in year prior to GAIN orientation** | | | | | | | |
| Yes | | | | | | | |
| Alameda | 290 | 11679 | 11090 | 589 | 15090 | 16464 | -1374 |
| Butte | 577 | 13515 | 9833 | 3682 *** | 10173 | 11298 | -1125 |
| Los Angeles | 961 | 10690 | 11839 | -1149 | 15666 | 16527 | -861 * |
| Riverside | 2177 | 13899 | 10924 | 2974 *** | 9898 | 11784 | -1886 *** |
| San Diego | 3604 | 14418 | 11959 | 2459 *** | 11600 | 12576 | -975 ** |
| Tulare | 940 | 12267 | 11959 | 308 | 13798 | 13347 | 451 |
| No | | | | | | | |
| Alameda | 915 | 4755 | 2983 | 1772 ** | 18377 | 18975 | -598 |
| Butte | 652 | 4319 | 4771 | -452 | 12975 | 13821 | -846 |
| Los Angeles | 3435 | 3332 | 2677 | 656 | 17776 | 18821 | -1046 *** |
| Riverside | 3331 | 6539 | 3333 | 3205 *** | 12190 | 14238 | -2047 *** |
| San Diego | 4615 | 6169 | 4962 | 1208 * | 14597 | 15865 | -1268 *** |
| Tulare | 1294 | 3932 | 3510 | 422 | 17002 | 17132 | -130 |

(continued)

### TABLE D.9 (continued)

| Subgroup and County | Total Sample Size | Average Total Earnings: Experimentals ($) | Average Total Earnings: Controls ($) | Average Total Earnings: Difference ($) | Average Total AFDC Payments: Experimentals ($) | Average Total AFDC Payments: Controls ($) | Average Total AFDC Payments: Difference ($) |
|---|---|---|---|---|---|---|---|
| **Level of disadvantage** | | | | | | | |
| First−time applicant | | | | | | | |
| Butte | 296 | 10808 | 9895 | 914 | 8857 | 10552 | −1695 |
| Riverside | 410 | 10978 | 7054 | 3924 ** | 8569 | 10947 | −2378 ** |
| San Diego | 418 | 13651 | 10096 | 3555 | 10240 | 10982 | −742 |
| Tulare | 96 | 10868 | 9133 | 1735 | 11519 | 12731 | −1211 |
| Returning applicant | | | | | | | |
| Butte | 443 | 9522 | 8856 | 666 | 11106 | 11292 | −186 |
| Riverside | 1277 | 10290 | 7697 | 2593 *** | 9703 | 10885 | −1182 ** |
| San Diego | 1883 | 11801 | 9517 | 2284 ** | 10766 | 11495 | −729 |
| Tulare | 213 | 9877 | 9897 | −20 | 11867 | 11574 | 293 |
| Less disadvantaged recipient | | | | | | | |
| Alameda | 796 | 7263 | 7280 | −17 | 16869 | 17376 | −507 |
| Butte | 355 | 7637 | 7359 | 277 | 13317 | 14566 | −1248 |
| Los Angeles | 2074 | 7831 | 7469 | 363 | 16661 | 17233 | −572 * |
| Riverside | 2978 | 10331 | 7369 | 2961 ** | 11532 | 13163 | −1632 ** |
| San Diego | 4687 | 10176 | 10185 | −9 | 13209 | 14929 | −1719 ** |
| Tulare | 1395 | 8817 | 8404 | 412 | 15153 | 15286 | −133 |
| More disadvantaged recipient | | | | | | | |
| Alameda | 409 | 3676 | 1406 | 2270 ** | 19212 | 20128 | −916 * |
| Butte | 135 | 2515 | −605 | 3120 * | 15267 | 16466 | −1200 |
| Los Angeles | 2322 | 2338 | 2251 | 87 | 17882 | 19341 | −1459 *** |
| Riverside | 843 | 4160 | 895 | 3266 *** | 14490 | 16859 | −2370 *** |
| San Diego | 1231 | 3119 | 1264 | 1855 *** | 18226 | 19405 | −1179 *** |
| Tulare | 530 | 2229 | 1938 | 291 | 19046 | 18812 | 234 |

(continued)

## TABLE D.9 (continued)

| Subgroup and County | Total Sample Size | Average Total Earnings | | | Average Total AFDC Payments | | |
|---|---|---|---|---|---|---|---|
| | | Experimentals ($) | Controls ($) | Difference ($) | Experimentals ($) | Controls ($) | Difference ($) |
| **Ethnicity** | | | | | | | |
| White, non-Hispanic | | | | | | | |
| Alameda | 216 | 5677 | 7238 | −1561 | 15791 | 15962 | −171 |
| Butte | 1061 | 8777 | 7075 | 1702 * | 11616 | 12148 | −532 |
| Los Angeles | 512 | 6006 | 5137 | 869 | 15107 | 16625 | −1518 ** |
| Riverside | 2847 | 9691 | 5560 | 4131 *** | 10248 | 12414 | −2166 *** |
| San Diego | 3478 | 11213 | 8248 | 2966 *** | 11539 | 12434 | −895 ** |
| Tulare | 1165 | 8075 | 7632 | 442 | 14121 | 14175 | −55 |
| Black, non-Hispanic | | | | | | | |
| Alameda | 844 | 7001 | 4545 | 2456 *** | 18014 | 18971 | −957 * |
| Butte | 43 | 8145 | 9684 | −1539 | 10890 | 15893 | −5003 |
| Los Angeles | 1987 | 5670 | 6122 | −451 | 17360 | 18798 | −1438 *** |
| Riverside | 862 | 10559 | 8138 | 2421 ** | 12226 | 14805 | −2579 *** |
| San Diego | 1865 | 9846 | 7975 | 1871 * | 13483 | 15061 | −1578 *** |
| Tulare | 81 | 5436 | 934 | 4501 | 15568 | 16804 | −1236 |
| Hispanic | | | | | | | |
| Alameda | 90 | 5073 | 4625 | 448 | 17257 | 18778 | −1521 |
| Butte | 69 | 12481 | 10360 | 2121 | 11409 | 13921 | −2512 |
| Los Angeles | 1408 | 4375 | 3645 | 730 | 17642 | 18138 | −496 |
| Riverside | 1510 | 9093 | 6817 | 2276 *** | 13074 | 14543 | −1469 *** |
| San Diego | 2094 | 8552 | 9020 | −468 | 14935 | 15574 | −639 |
| Tulare | 871 | 7407 | 7463 | −55 | 17302 | 16955 | 347 |
| Asian and other | | | | | | | |
| Alameda | 55 | 2899 | 2764 | 136 | 18903 | 18207 | 696 |
| Butte | 56 | 1683 | 3932 | −2249 | 13456 | 19194 | −5738 * |
| Los Angeles | 489 | 2482 | 1359 | 1123 | 18469 | 18653 | −184 |
| Riverside | 289 | 5587 | 6232 | −645 | 9342 | 10497 | −1155 |
| San Diego | 782 | 6614 | 5008 | 1606 | 16134 | 18588 | −2454 *** |
| Tulare | 117 | 2776 | 2736 | 41 | 18679 | 17769 | 910 |

SOURCE AND NOTES: See Tables 4.1 and 4.6.
Tests of statistical significance were not performed on the variation of impacts across subgroups.

# APPENDIX E

# AFDC CASE CLOSURE AND RECIDIVISM

# APPENDIX E

## AFDC CASE CLOSURE AND RECIDIVISM

This appendix presents the results of an analysis of AFDC case closure and recidivism in the GAIN research sample. In part, this analysis was prompted by a single question: Would a strong program focus on getting enrollees quickly into jobs and off welfare merely lead to a high rate of return to welfare later on? This question is important because that kind of AFDC recidivism could cancel out the impacts of the initial case closures. The question was raised particularly with reference to the GAIN program in Riverside, which was seen to be a premier example of a quick employment focus.

For AFDC-FGs, the analysis found that recidivism did, in some counties, tend to offset the increase in case closures produced by GAIN, but the offset was only partial and fairly modest. This was true even in Riverside, where the effect was largest.[1] For AFDC-Us, the effect of recidivism was more serious. Returns to welfare by the end of the three-year follow-up period offset most of the increase in case closures initially achieved for AFDC-Us by GAIN in Riverside and San Diego. Recidivism had much less effect among AFDC-Us in Butte, which explains why impacts on AFDC payments in that county in year 3 had overtaken and surpassed those of Riverside and San Diego.

### I. Results for AFDC-FGs

One of the principal ways that welfare-to-work programs reduce AFDC payments is by inducing people to leave welfare. Case closures can produce AFDC savings (i.e., lead to lower AFDC payments for experimentals than for controls on average) if (a) those experimentals who leave AFDC do so sooner than comparable controls and (b) those experimentals who leave do not return to AFDC quickly. The latter behavior – namely, rapid return to AFDC – is known as *AFDC recidivism*. This appendix examines the effects of GAIN on AFDC case closure and recidivism, focusing on two key questions: First, are larger AFDC savings across counties associated with faster AFDC case closure? Second, has AFDC recidivism caused GAIN's impacts on AFDC payments to shrink over time?

To summarize the results, GAIN increased AFDC case closure during the first half of the three-year follow-up period in Los Angeles, Riverside, and San Diego. Most of these increases were for sample members who got off AFDC and stayed off through the end of the follow-up. These effects were largest in Riverside but noteworthy in the other two counties as well. Recidivism also increased; however, returns to welfare occurred for only a minority of the people who left welfare and thus only partially offset the effect of faster case closures in producing overall impacts on AFDC payments, even in Riverside.

This analysis employs a particular approach to recidivism that makes use of the experimental design in order to obtain unbiased estimates of the effects of GAIN; it restricts its focus to the three-year observation period and does not project recidivism beyond the end of year 3. The advantage in not attempting projections is that the conclusions will be based entirely on actual, observed behavior rather than on assumptions about how people will behave in future years. The disadvantage is that, for many sample members, only a portion of their time on or off AFDC will be observed.[2]

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[1] Recidivism therefore did not detract from the overall accomplishments of GAIN for AFDC-FGs in Riverside or the other counties.

The analysis defines an "AFDC exit" as one full quarter of zero AFDC payments. It therefore does not capture any "revolving door" effects or "churning" due to administrative actions. It should also be noted that the measures used in this analysis make it possible to distinguish recidivism that lasts only a short time from that which may last a long time.

Considerable care must be taken when interpreting estimates of recidivism. Return to AFDC does not necessarily imply a failure of the program. Whenever cases are closed in the experimental group, recidivism should be expected to occur for some of those cases, just as it occurs for cases that are closed in the control group. An extended illustration may be helpful in clarifying the issue. To begin, suppose that 50 percent of controls exit AFDC during the first half of the follow-up period (quarters 2 through 7), and 20 percent of exiters in the control group are back on AFDC by the end of the follow-up period (by quarter 13). This 20 percent is the probability of returning to welfare among control exiters and is one measure of recidivism; it is called *conditional* recidivism because the probability is conditional on exiting AFDC initially. In this example, it will also be the case that 10 percent (i.e., 0.50 x 0.20) of all controls exit and then return, which is a second measure of recidivism called *unconditional* because the percentage is not based on the condition of having exited AFDC initially, but, rather, is based on the entire control group.

To develop the example further, suppose next that 60 percent of experimentals exit during the same period, for an impact of 10 percentage points on case closure (i.e., 60 percent of experimentals minus 50 percent of controls). Now, assume that exiters in the experimental group have only an 18 percent chance of returning to AFDC. This measure, the probability of returning to welfare among experimental exiters, indicates that conditional recidivism among experimentals (18 percent) is *less* than it is among controls (20 percent). This comparison between experimentals and controls who exit AFDC is not, however, a true experimental comparison, since the probabilities exclude sample members who do not exit. Such comparisons may, therefore, yield biased inferences about the effects of the program. For example, the conditional probability of recidivism may be lower for exiters in the experimental group because the program obtained more case closures for sample members who would not be likely to return to welfare anyway. That is, the program changed the kinds of people who exited AFDC, not the probability that they would return to it.

In this hypothetical illustration, using the second measure reveals an unconditional recidivism rate of 10.8 percent among all experimentals (0.60 x 0.18), compared to only 10 percent among all controls. This is a true experimental comparison, yielding an unbiased, valid estimate of the effect of the program. Judging by this second measure, however, the rate of recidivism is *higher* among experimentals than among controls. That is, the program in this example increased the proportion of experimentals who left AFDC and then returned. This result is misleading, however, since the program decreased the probability of returning to AFDC among those who exited, and also increased the probability of leaving welfare in the first place.

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[2] Some sample members who exit AFDC during the observation period will return only after the three years have elapsed. Thus, this analysis will put them in the "permanent AFDC case closure" category when they ought to be classified as recidivists. But only longer follow-up data would make it possible to identify the long-term recidivists with certainty. In this connection, it should also be noted that sample members who left AFDC in one county and returned to it in another county (or in another state) will appear in the data as permanent case closures rather than as recidivists because their AFDC payments in their new jurisdiction are not part of the research data set.

In this illustration, the second measure of recidivism yields a valid experimental estimate of program's effect but is misleading about what the program achieved. The program produced AFDC savings despite the fact that it also increased the proportion of experimentals who both left welfare and returned. AFDC savings would clearly be larger if *no one* in the experimental group who exited AFDC later returned, but the fact that some did does not necessarily indicate that the program was unsuccessful in achieving welfare savings, for it increased the likelihood of case closure overall. One way to avoid such errors of interpretation is to make judicious use of both kinds of recidivism measures.

Table E.1 presents case closure and recidivism estimates for AFDC-FGs by county. Unconditional estimates are shown on the left. Conditional estimates are shown on the right. The largest effects were found in Riverside. As shown on the left of the table, 47.7 percent of Riverside controls exited AFDC before the middle of follow-up. Among experimentals, this figure was 55.4 percent, for an impact of 7.7 percentage points on initial case closures (statistically significant). The next several rows of the table divide this impact on initial exits into four parts. The largest part is a 4.0 percentage point increase in the number of experimentals exiting AFDC without returning during the remainder of the three-year observation period. These are individuals who got off AFDC and stayed off. The effect is statistically significant and is the largest among the six counties. This increase in permanent AFDC case closures – "permanent" given the three-year limit on follow-up data – explains Riverside's large total impact on AFDC payments. There was also a small increase, 0.9 percentage points, in the number of experimentals exiting AFDC, then returning, and then leaving again. This off-on-off behavior made little contribution to the total impact in Riverside because it does not suggest a return to welfare that lasted any substantial length of time.

The third and fourth parts of the exit effect represent patterns of behavior that are more consequential for AFDC savings. The third part of the exit effect is an increase of 1.2 percentage points (statistically significant) among experimentals in leaving AFDC and being back on at the end of follow-up in year 3 but not for the whole third year. The fourth part of the overall effect is a 1.6 percentage point increase among experimentals in exiting AFDC and returning for all of the final follow-up year (i.e, receiving some AFDC in each of the four quarters of year 3). Welfare receipt for all four quarters suggests that receipt may continue for a long time afterwards. The increase in this fourth measure therefore suggests that some experimentals who exited AFDC returned for what could be fairly long stays. The effect is statistically significant and amounts to about one-fifth of the total 7.7 percentage point impact on the proportion of experimentals who ever left AFDC during the first half of the follow-up period. Effects on measures three and four together account for about one-third of the 7.7 percentage point impact.

It should also be noted that the probability of returning to AFDC was larger among exiting experimentals than among exiting controls, as shown on the right of the table. This higher probability of return to welfare among exiters slightly offset the impact on initial AFDC exits. Two simple "what if" scenarios can demonstrate the relative importance of recidivism in general and of the higher conditional probability of return among experimentals. First, had *none* of the exiting experimentals

## TABLE E.1

## INITIAL CASE CLOSURE AND AFDC RECIDIVISM AMONG AFDC-FGs

| County and Outcome | Percent in Status |  |  | *If Ever Off AFDC, Quarters 2-7: Percent in Status (a)* |  |  |
|---|---|---|---|---|---|---|
|  | Experimentals | Controls | Difference | *Experimentals* | *Controls* | *Difference* |
| **Alameda** |  |  |  |  |  |  |
| Ever off AFDC, quarters 2-7 | 20.0 | 18.6 | 1.4 | -- | -- | -- |
| Stayed off through quarter 13 | 15.2 | 14.0 | 1.2 | 76.1 | 75.2 | 0.9 |
| Returned to AFDC but off again by quarter 13 | 1.8 | 1.6 | 0.2 | 9.0 | 8.6 | 0.4 |
| Back on AFDC at quarter 13 but not for all of year 3, quarters 10-13 | 1.2 | 1.2 | -0.1 | 5.9 | 6.6 | -0.7 |
| Back on for all of year 3, quarters 10-13 | 1.7 | 1.7 | 0.0 | 8.6 | 9.1 | -0.5 |
| Sample size (total=1205) | 602 | 603 |  |  |  |  |
| **Butte** |  |  |  |  |  |  |
| Ever off AFDC, quarters 2-7 | 49.5 | 49.1 | 0.4 | -- | -- | -- |
| Stayed off through quarter 13 | 35.8 | 37.6 | -1.8 | 72.5 | 76.6 | -4.2 |
| Returned to AFDC but off again by quarter 13 | 6.3 | 3.6 | 2.8 * | 12.8 | 7.3 | 5.6 |
| Back on AFDC at quarter 13 but not for all of year 3, quarters 10-13 | 3.5 | 0.9 | 2.7 ** | 7.1 | 1.8 | 5.4 |
| Back on for all of year 3, quarters 10-13 | 3.7 | 7.0 | -3.3 ** | 7.6 | 14.3 | -6.8 |
| Sample size (total=1229) | 986 | 243 |  |  |  |  |
| **Los Angeles** |  |  |  |  |  |  |
| Ever off AFDC, quarters 2-7 | 23.9 | 19.8 | 4.1 *** | -- | -- | -- |
| Stayed off through quarter 13 | 18.7 | 15.7 | 3.0 ** | 78.0 | 79.1 | -1.1 |
| Returned to AFDC but off again by quarter 13 | 1.7 | 1.4 | 0.3 | 7.2 | 6.9 | 0.3 |
| Back on AFDC at quarter 13 but not for all of year 3, quarters 10-13 | 0.7 | 0.8 | -0.1 | 2.8 | 3.9 | -1.2 |
| Back on for all of year 3, quarters 10-13 | 2.9 | 2.0 | 0.9 * | 12.1 | 10.1 | 2.0 |
| Sample size (total=4396) | 2995 | 1401 |  |  |  |  |
| **Riverside** |  |  |  |  |  |  |
| Ever off AFDC, quarters 2-7 | 55.4 | 47.7 | 7.7 *** | -- | -- | -- |
| Stayed off through quarter 13 | 39.2 | 35.2 | 4.0 ** | 70.7 | 73.8 | -3.0 |
| Returned to AFDC but off again by quarter 13 | 6.4 | 5.5 | 0.9 | 11.5 | 11.5 | 0.0 |
| Back on AFDC at quarter 13 but not for all of year 3, quarters 10-13 | 3.7 | 2.6 | 1.2 * | 6.7 | 5.4 | 1.3 |
| Back on for all of year 3, quarters 10-13 | 6.1 | 4.5 | 1.6 ** | 11.0 | 9.4 | 1.6 |
| Sample size (total=5508) | 4457 | 1051 |  |  |  |  |

(continued)

## TABLE E.1 (continued)

| County and Outcome | Percent in Status: Experimentals | Percent in Status: Controls | Percent in Status: Difference | *If Ever Off AFDC, Quarters 2–7: Percent in Status (a)*: *Experimentals* | *If Ever Off AFDC, Quarters 2–7: Percent in Status (a)*: *Controls* | *If Ever Off AFDC, Quarters 2–7: Percent in Status (a)*: *Difference* |
|---|---|---|---|---|---|---|
| **San Diego** | | | | | | |
| Ever off AFDC, quarters 2–7 | 44.6 | 39.4 | 5.3 *** | – – | – – | – – |
| Stayed off through quarter 13 | 32.6 | 29.6 | 3.1 ** | *73.1* | *75.1* | *–2.0* |
| Returned to AFDC but off again by quarter 13 | 4.6 | 3.5 | 1.1 * | *10.2* | *8.8* | *1.4* |
| Back on AFDC at quarter 13 but not for all of year 3, quarters 10–13 | 2.2 | 2.0 | 0.2 | *5.0* | *5.2* | *–0.2* |
| Back on for all of year 3, quarters 10–13 | 5.2 | 4.3 | 0.9 | *11.7* | *11.0* | *0.7* |
| Sample size (total=8219) | 7049 | 1170 | | | | |
| **Tulare** | | | | | | |
| Ever off AFDC, quarters 2–7 | 36.6 | 36.7 | –0.1 | – – | – – | – – |
| Stayed off through quarter 13 | 25.5 | 25.6 | –0.1 | *69.6* | *69.7* | *–0.1* |
| Returned to AFDC but off again by quarter 13 | 4.2 | 4.5 | –0.3 | *11.6* | *12.2* | *–0.7* |
| Back on AFDC at quarter 13 but not for all of year 3, quarters 10–13 | 2.0 | 1.4 | 0.6 | *5.4* | *3.8* | *1.5* |
| Back on for all of year 3, quarters 10–13 | 4.9 | 5.2 | –0.3 | *13.4* | *14.2* | *–0.8* |
| Sample size (total=2234) | 1588 | 646 | | | | |
| **All counties (b)** | | | | | | |
| Ever off AFDC, quarters 2–7 | 38.3 | 35.2 | 3.1 *** | – – | – – | – – |
| Stayed off through quarter 13 | 27.8 | 26.3 | 1.6 * | *72.6* | *74.6* | *–2.0* |
| Returned to AFDC but off again by quarter 13 | 4.2 | 3.3 | 0.8 ** | *10.9* | *9.4* | *1.4* |
| Back on AFDC at quarter 13 but not for all of year 3, quarters 10–13 | 2.2 | 1.5 | 0.7 ** | *5.8* | *4.2* | *1.6* |
| Back on for all of year 3, quarters 10–13 | 4.1 | 4.1 | –0.0 | *10.7* | *11.7* | *–1.0* |
| Sample size (total=22791) | 17677 | 5114 | | | | |

SOURCE: See Table 4.1.

NOTES: See Table 4.1.
Where data are not applicable, dashes are used.
(a) Estimates in italics were based only on persons ever off AFDC in quarters 2–7. Statistical tests were not applied to the experimental–control differences.
(b) In the all–county averages, the results for each county are weighted equally.

or controls returned to AFDC, the 5.2 percentage point impact on AFDC receipt for quarter 13 in Riverside (see Table 4.1) would have been larger by the 1.2 plus 1.6 percentage points attributed to recidivism. That is, if the patterns of recidivism reflected in the third and fourth parts of the exit effect (discussed above) did not exist in either research group, then the impact would have been 8.0 percentage points rather than 5.2 percentage points, an increment of about half. Thus, the existence of recidivism clearly is a factor in determining the magnitude of AFDC impacts. But the existence of recidivism cannot be assumed away, which leads to the second "what if" scenario, in which the existence of recidivism is allowed for, and the task is to determine only the effect of the difference in recidivism between experimentals and controls. The results show that had the probability of returning to welfare among exiting experimentals been kept as low as among exiting controls, then the 5.2 percentage point impact on AFDC in quarter 13 would have been about 6.9 percentage points, or about one-third higher.[3]

Taken together, these results indicate that Riverside substantially speeded up the rate of case closure, increasing the number of experimentals exiting AFDC in the first half of follow-up. The majority of those who exited did not return within the three-year follow-up period, thereby contributing to the large AFDC savings observed in that county. A significant proportion did return, however. And the probability of returning to welfare among those who exited appeared to be higher for experimentals than controls. Total AFDC impacts would have been larger – but not dramatically larger – if the program had been able to keep the probability of returning to welfare the same among exiting experimentals as among exiting controls.

Impacts on AFDC exits within the first year and a half were also found in Los Angeles and San Diego. Next to Riverside, San Diego had the largest case closure effects. There was a 5.3 percentage point increase among experimentals in initial exits (statistically significant). About four-fifths of that was an increase in either permanent exits (3.1 percentage points) or exits with only a brief return period before a subsequent exit (1.1 percentage points). Los Angeles had a 4.1 percentage point impact on initial exits (statistically significant), and four-fifths of that also accrued to permanent exits (3.0 percentage points) or off-on-off exits (0.3 percentage points). For both Los Angeles and San Diego, recidivism effects on exiting and then returning to welfare for all or part of the final year were small and did not offset the case closure effect by much. It should be noted that if the two recidivism measures are combined, then Los Angeles and San Diego (unlike Riverside) show similar probabilities of return to AFDC among exiting experimentals and controls.

Alameda and Butte did not have noteworthy impacts on initial AFDC case closures, at least not as measured here. Recidivism effects were not evident in Alameda. In Butte, experimental-control differences in being back on AFDC at the end of year 3 and for all of year 3 largely canceled each other out. The impacts on total AFDC payments estimated for those two counties (see Table 4.1) must have come from other effects not shown in Table E.1. For Butte, as mentioned in Chapter 4, much less of the total AFDC savings came from reduced months on AFDC than was true for the other counties with AFDC savings. What the mechanism of AFDC impacts in Alameda might be is not clear.

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[3] This estimate is obtained by assuming that the probability of returning to welfare among exiting experimentals for both recidivism measures is the same as for exiting controls. The impact on the two combined recidivism measures would then have been 55.4 x (2.6 + 4.5) / 47.7 - (2.6 + 4.5) = 1.1 percentage points. That would be 1.7 percentage points lower than the 2.8 percentage point combined effect observed. Adding 1.7 to 5.2 yields the 6.9 percentage point effect mentioned in the text.

## II. Results for AFDC-Us

Table E.2 presents AFDC case closure and recidivism results for AFDC-Us. To summarize the findings: These results indicate that faster AFDC case closures contributed to total impacts on AFDC receipt and AFDC payments in Butte, Riverside, and San Diego. Recidivism played a more prominent role in determining total welfare impacts among AFDC-Us than among AFDC-FGs. In Riverside and San Diego, most of the initial effect on exits was offset by recidivism prior to the end of the three-year follow-up. Recidivism had much less effect in Butte, which explains why AFDC impacts in that county in year 3 had overtaken and surpassed those of Riverside and San Diego. (It should be noted that the very small sample size in Alameda made the results for AFDC-Us in that county much more uncertain than the results in other counties.)

As shown in the table, AFDC exits during the first half of follow-up increased in Riverside from 61.0 percent among controls to 66.6 percent among experimentals, a 5.6 percentage point impact (statistically significant). Part of this effect was associated with being off AFDC at the end of the follow-up period. But 3.8 percentage points, or two-thirds of the total exit effect, went to an increase in the number of experimentals back on AFDC at quarter 13. Most of this, some 2.8 percentage points, was for individuals who returned for quarter 13 but not for all of year 3. The remaining 1.0 percentage points was for individuals who returned to receive some AFDC in every quarter of the third year.

The conditional probability of returning to AFDC by the end of the third year was larger among exiting experimentals than among exiting controls (right panel of the table). Both the amount of recidivism and the higher probability of return for exiting experimentals contributed to the narrowing of AFDC reductions over time in Riverside. As shown in the main text (in Table 6.1), the impact on the percentage receiving AFDC at the end of year 1 for Riverside was the largest among the counties for AFDC-Us; but by the end of year 3 there was no experimental-control difference remaining. If recidivism could have been reduced, then the differential could have lasted longer. This would be true even if the probability of returning to AFDC were reduced only to the level observed among exiting control group members. Just increasing the number of case closures, without reducing recidivism below the levels observed for GAIN experimentals, would have less of an effect on total welfare impacts for the AFDC-U research sample, especially in comparison with the AFDC-FG sample.

GAIN also increased exits for AFDC-Us in San Diego. The increase of 6.0 percentage points (statistically significant) was similar in magnitude to the effect in Riverside. As in Riverside, recidivism was a major offset to those exits. At the end of year 3, recidivism accounted for 1.8 plus 2.7 percentage points of the initial impact on AFDC exits, or about three-quarters of the initial effect. The probability of returning to welfare for the end of year 3 or for all of year 3 was greater for exiting AFDC-U experimentals than for exiting controls. As mentioned in Chapter 6 (see Table 6.1), by quarter 13 there was virtually no difference in AFDC receipt remaining between experimentals and controls in San Diego. Much of the decline in the differential over time must be attributed to recidivism among GAIN enrollees who were induced to exit AFDC during the first year and a half of follow-up. Lower recidivism would have increased total AFDC impacts among AFDC-Us in San Diego and would have yielded some impact on long-term receipt (i.e., receipt at the end of year 3 and beyond).

The only other important case closure and recidivism effects for AFDC-Us were found in Butte. In that county, the result was the opposite of the results found in Riverside and San Diego. The

## TABLE E.2

## INITIAL CASE CLOSURE AND AFDC RECIDIVISM AMONG AFDC-Us

| | Percent in Status | | | *If Ever Off AFDC, Quarters 2-7: Percent in Status (a)* | | |
|---|---|---|---|---|---|---|
| County and Outcome | Experimentals | Controls | Difference | *Experimentals* | *Controls* | *Difference* |
| **Alameda** | | | | | | |
| Ever off AFDC, quarters 2-7 | 8.3 | 12.7 | -4.4 | -- | -- | -- |
| Stayed off through quarter 13 | 5.5 | 7.9 | -2.4 | *65.5* | *62.0* | *3.5* |
| Returned to AFDC but off again by quarter 13 | 1.1 | 1.2 | -0.1 | *12.6* | *9.1* | *3.6* |
| Back on AFDC at quarter 13 but not for all of year 3, quarters 10-13 | 0.0 | 0.0 | 0.0 | *0.0* | *0.0* | *0.0* |
| Back on for all of year 3, quarters 10-13 | 1.8 | 3.7 | -1.8 | *21.9* | *28.9* | *-7.1* |
| Sample size (total=182) | 96 | 86 | | | | |
| **Butte** | | | | | | |
| Ever off AFDC, quarters 2-7 | 48.8 | 45.8 | 3.0 | -- | -- | -- |
| Stayed off through quarter 13 | 32.3 | 29.6 | 2.8 | *66.3* | *64.5* | *1.8* |
| Returned to AFDC but off again by quarter 13 | 6.4 | 5.4 | 1.0 | *13.2* | *11.8* | *1.4* |
| Back on AFDC at quarter 13 but not for all of year 3, quarters 10-13 | 4.1 | 4.1 | -0.0 | *8.4* | *9.0* | *-0.6* |
| Back on for all of year 3, quarters 10-13 | 6.0 | 6.8 | -0.8 | *12.3* | *14.9* | *-2.5* |
| Sample size (total=1006) | 780 | 226 | | | | |
| **Los Angeles** | | | | | | |
| Ever off AFDC, quarters 2-7 | 12.7 | 12.9 | -0.1 | -- | -- | -- |
| Stayed off through quarter 13 | 9.9 | 10.3 | -0.3 | *78.0* | *79.8* | *-1.7* |
| Returned to AFDC but off again by quarter 13 | 0.3 | 0.7 | -0.4 | *2.5* | *5.3* | *-2.8* |
| Back on AFDC at quarter 13 but not for all of year 3, quarters 10-13 | 0.8 | 0.4 | 0.5 | *6.5* | *2.8* | *3.7* |
| Back on for all of year 3, quarters 10-13 | 1.6 | 1.6 | 0.1 | *12.9* | *12.1* | *0.8* |
| Sample size (total=1458) | 735 | 723 | | | | |
| **Riverside** | | | | | | |
| Ever off AFDC, quarters 2-7 | 66.6 | 61.0 | 5.6 *** | -- | -- | -- |
| Stayed off through quarter 13 | 35.3 | 38.1 | -2.8 | *53.1* | *62.5* | *-9.4* |
| Returned to AFDC but off again by quarter 13 | 13.9 | 9.4 | 4.5 *** | *20.9* | *15.4* | *5.5* |
| Back on AFDC at quarter 13 but not for all of year 3, quarters 10-13 | 6.0 | 3.1 | 2.8 *** | *9.0* | *5.2* | *3.8* |
| Back on for all of year 3, quarters 10-13 | 11.3 | 10.3 | 1.0 | *17.0* | *16.9* | *0.1* |
| Sample size (total=2323) | 1590 | 733 | | | | |

(continued)

## TABLE E.2 (continued)

| County and Outcome | Percent in Status<br>Experimentals | Controls | Difference | *If Ever Off AFDC, Quarters 2–7: Percent in Status (a)*<br>*Experimentals* | *Controls* | *Difference* |
|---|---|---|---|---|---|---|
| **San Diego** | | | | | | |
| Ever off AFDC, quarters 2–7 | 44.0 | 37.9 | 6.0 *** | – – | – – | – – |
| Stayed off through quarter 13 | 26.7 | 26.0 | 0.7 | *60.7* | *68.4* | *–7.7* |
| Returned to AFDC but off again by quarter 13 | 5.7 | 4.9 | 0.8 | *13.0* | *12.9* | *0.0* |
| Back on AFDC at quarter 13 but not for all of year 3, quarters 10–13 | 3.4 | 1.6 | 1.8 ** | *7.6* | *4.2* | *3.5* |
| Back on for all of year 3, quarters 10–13 | 8.2 | 5.5 | 2.7 ** | *18.7* | *14.5* | *4.2* |
| Sample size (total=3272) | 2427 | 845 | | | | |
| **Tulare** | | | | | | |
| Ever off AFDC, quarters 2–7 | 39.2 | 40.8 | –1.5 | – – | – – | – – |
| Stayed off through quarter 13 | 22.8 | 23.2 | –0.4 | *58.1* | *56.8* | *1.3* |
| Returned to AFDC but off again by quarter 13 | 5.6 | 6.5 | –0.9 | *14.3* | *16.0* | *–1.6* |
| Back on AFDC at quarter 13 but not for all of year 3, quarters 10–13 | 3.6 | 4.4 | –0.8 | *9.1* | *10.7* | *–1.7* |
| Back on for all of year 3, quarters 10–13 | 7.2 | 6.6 | 0.5 | *18.3* | *16.2* | *2.0* |
| Sample size (total=1901) | 1319 | 582 | | | | |
| **All counties (b)** | | | | | | |
| Ever off AFDC, quarters 2–7 | 42.3 | 39.7 | 2.6 ** | – – | – – | – – |
| Stayed off through quarter 13 | 25.4 | 25.4 | 0.0 | *60.2* | *64.0* | *–3.9* |
| Returned to AFDC but off again by quarter 13 | 6.4 | 5.4 | 1.0 * | *15.1* | *13.6* | *1.6* |
| Back on AFDC at quarter 13 but not for all of year 3, quarters 10–13 | 3.6 | 2.7 | 0.9 *** | *8.4* | *6.8* | *1.6* |
| Back on for all of year 3, quarters 10–13 | 6.9 | 6.2 | 0.7 | *16.3* | *15.5* | *0.7* |
| Sample size (total=9960) | 6851 | 3109 | | | | |

SOURCE: Table 6.1.

NOTES: Table 6.1.
Where data are not applicable, dashes are used.
(a) Estimates in italics were based only on persons ever off AFDC in quarters 2–7. Statistical tests were not applied to the experimental–control differenc
(b) These estimates do not include Alameda's impacts, which were based on a very small sample, and the other five counties are weighted equally.

impact on initial case closures was only 3.0 percentage points (not statistically significant), about half the magnitude of the effects in Riverside and San Diego. But, in Butte, nearly all of the effect went into an increase in permanent case closures (i.e., individuals staying off through quarter 13). Thus, although the total AFDC impact was somewhat lower in Butte during the early part of follow-up, savings for AFDC-Us by the third year were the largest of any county. In addition, there was a 4.8 percentage point reduction (not statistically significant) in AFDC receipt in quarter 13 (Table 6.1), indicating that the GAIN program in Butte had some effect on long-term receipt. About 1 out of 11 AFDC-U experimentals who would have been on welfare at quarter 13 in Butte were off the rolls at that time. These results for Butte provide additional evidence that recidivism was an important offset to AFDC impacts for the AFDC-U assistance category in Riverside and San Diego and that decreased recidivism could increase total savings and the incidence of long-term receipt for AFDC-Us.

Los Angeles did not show an increase in initial exits for AFDC-Us. This finding is consistent with the finding in Chapter 6 that AFDC receipt rates were not reduced in that county (see Table 6.1). The sizable impact on AFDC payments for AFDC-Us in Los Angeles evidently came from effects other than case closures, but what those effects were is not clear.

Tulare also did not show an increase in initial AFDC exits, but that county did not have reductions in AFDC receipt or AFDC payments either. In Alameda, the AFDC-U sample was too small to produce reliable estimates.

# APPENDIX F

## SUPPLEMENTAL TABLE TO CHAPTER 5

## TABLE F.1

## GAIN'S IMPACTS ON THE PERCENTAGE OF AFDC-FG REGISTRANTS WHO REPORTED BEING EMPLOYED WITHIN TWO TO THREE YEARS AFTER ORIENTATION AND THE PERCENTAGE EVER EMPLOYED AT A JOB WITH SELECTED CHARACTERISTICS

| Outcome and Research Group | Alameda | Los Angeles (a) | Riverside | San Diego | Tulare | All Counties (b) |
|---|---|---|---|---|---|---|
| Ever employed during the follow-up period, self-reported (c) | | | | | | |
| Experimentals (%) | 33.5 | 31.8 | 70.9 | 64.1 | 55.2 | 55.9 |
| Controls (%) | 32.1 | -- | 48.3 | 52.3 | 54.5 | 46.8 |
| Difference | 1.4 | -- | 22.7 *** | 11.8 *** | 0.7 | 9.1 (d) |
| Ever employed during the follow-up period and most recent job provided at least 40 hours of work per week | | | | | | |
| Experimentals (%) | 13.4 | 11.2 | 33.8 | 30.3 | 30.6 | 27.0 |
| Controls (%) | 10.4 | -- | 21.6 | 24.7 | 30.7 | 21.9 |
| Difference | 3.0 | -- | 12.3 *** | 5.5 | -0.1 | 5.2 (d) |
| Ever employed during the follow-up period and most recent job provided less than 20 hours of work per week | | | | | | |
| Experimentals (%) | 7.2 | 9.0 | 12.8 | 8.7 | 7.6 | 9.1 |
| Controls (%) | 9.7 | -- | 9.2 | 11.1 | 8.0 | 9.5 |
| Difference | -2.5 | -- | 3.6 * | -2.4 | -0.4 | -0.4 (d) |
| Ever employed during the follow-up period and most recent job provided less than 10 hours of work per week | | | | | | |
| Experimentals (%) | 0.8 | 1.4 | 3.9 | 2.6 | 3.6 | 2.7 |
| Controls (%) | 4.7 | -- | 2.9 | 4.6 | 3.2 | 3.9 |
| Difference | -4.0 *** | -- | 1.0 | -2.0 | 0.4 | -1.1 (d) |
| Ever employed during the follow-up period and only held jobs providing more than 30 hours of work per week | | | | | | |
| Experimentals (%) | 17.0 | 15.3 | 37.8 | 35.1 | 34.5 | 31.1 |
| Controls (%) | 16.4 | -- | 27.0 | 28.5 | 33.1 | 26.3 |
| Difference | 0.7 | -- | 10.8 *** | 6.7 * | 1.3 | 4.9 (d) |
| Ever employed during the follow-up period and held jobs providing less than 30 hours of work per week and jobs providing more than 30 hours of work per week | | | | | | |
| Experimentals (%) | 3.5 | 1.4 | 17.5 | 11.5 | 6.3 | 9.7 |
| Controls (%) | 2.7 | -- | 6.8 | 7.3 | 8.7 | 6.4 |
| Difference | 0.8 | -- | 10.7 *** | 4.2 * | -2.4 | 3.3 (d) |
| Ever employed during the follow-up period and only held jobs providing less than 30 hours of work per week | | | | | | |
| Experimentals (%) | 13.0 | 15.3 | 15.7 | 17.6 | 14.4 | 15.2 |
| Controls (%) | 13.0 | -- | 14.2 | 16.6 | 12.6 | 14.1 |
| Difference | 0.0 | -- | 1.5 | 1.0 | 1.8 | 1.1 (d) |
| Ever employed during the follow-up period and was "highly satisfied" (e.g., had a score of 7-10 on a 0-10 scale) with most recent job | | | | | | |
| Experimentals (%) | 21.4 | 17.9 | 40.7 | 37.8 | 33.7 | 33.4 |
| Controls (%) | 17.7 | -- | 25.3 | 32.2 | 33.5 | 27.2 |
| Difference | 3.7 | -- | 15.4 *** | 5.5 | 0.2 | 6.2 (d) |

(continued)

**TABLE F.1 (continued)**

| Outcome and Research Group | Alameda | Los Angeles (a) | Riverside | San Diego | Tulare | All Counties (b) |
|---|---|---|---|---|---|---|
| Ever employed during the follow-up period and most recent job paid more than $300 per week (e) | | | | | | |
| Experimentals (%) | 7.8 | 5.4 | 13.1 | 16.9 | 10.5 | 12.1 |
| Controls (%) | 4.7 | -- | 10.4 | 11.6 | 8.7 | 8.9 |
| Difference | 3.1 * | -- | 2.8 | 5.3 ** | 1.7 | 3.2 (d) |
| Sample size | | | | | | |
| Experimentals | 335 | 223 | 674 | 337 | 356 | 1925 |
| Controls | 348 | -- | 342 | 336 | 363 | 1389 |

SOURCE: See Table 5.3.

NOTES: The follow-up period for the registrant survey ranged from 26 to 37 months, on average, across the five counties where the reigstrant survey was conducted. Butte County was not included in the survey.

Rounding may cause slight discrepancies in calculating averages and differences.

A two-tailed t-test was applied to the differences between the experimental and control groups in each county. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; * = 10 percent.

(a) An analysis of response patterns to the survey in Los Angeles revealed that the earnings and AFDC payments during the follow-up period of controls who responded to the survey differed markedly from those of controls who did not respond to the survey. For this reason, no estimates for controls and no impacts are presented in this table for Los Angeles.

(b) In the all-county averages, the results of each county (excluding Los Angeles) are weighted equally.

(c) In Alameda, employment rates were substantially underreported on the registrant survey, according to a comparison with the "ever employed" rate indicated by automated records data through quarter 9 for the same sample of survey respondents. Those records data show that 42 percent of experimentals and 36 percent of controls had been employed, for an impact of 6 percentage points.

(d) Tests of statistical significance of the experimental-control difference for all counties combined were not performed.

(e) Most respondents reported gross (i.e., pre-tax) earnings. However, a sizable minority (roughly 20 percent) reported net (i.e., post-tax) earnings. No adjustment was made for those reporting post-tax earnings. Therefore, the estimates presented in this table somewhat underestimate the percentage of respondents with gross weekly earnings in excess of a given level.

# APPENDIX G

## SUPPLEMENTAL TABLES TO CHAPTER 6

## TABLE G.1

## ALAMEDA AFDC-Us: IMPACTS ON EMPLOYMENT, EARNINGS, AFDC RECEIPT, AND AFDC PAYMENTS

| Outcome and Follow-Up Period | Experimentals | Controls | Difference | Percentage Change |
|---|---|---|---|---|
| Ever employed (%) | | | | |
| Year 1 (quarters 2-5) | 29.8 | 20.2 | 9.6 * | 47.3% |
| Year 2 (quarters 6-9) | 27.6 | 20.4 | 7.2 | 35.4% |
| Year 3 (quarters 10-13) | 27.5 | 16.9 | 10.6 * | 62.7% |
| Total (quarters 2-13) | 46.6 | 27.0 | 19.6 *** | 72.7% |
| Average number of quarters with employment | | | | |
| Year 1 (quarters 2-5) | 0.84 | 0.63 | 0.20 | 31.9% |
| Year 2 (quarters 6-9) | 0.83 | 0.69 | 0.15 | 21.7% |
| Year 3 (quarters 10-13) | 0.80 | 0.50 | 0.30 * | 60.8% |
| Total (quarters 2-13) | 2.47 | 1.82 | 0.65 | 35.9% |
| Ever employed (%) | | | | |
| Quarter of random assignment | 16.6 | 14.1 | 2.5 | 17.6% |
| Quarter 2 | 17.9 | 14.9 | 3.0 | 19.9% |
| Quarter 3 | 20.2 | 15.8 | 4.4 | 28.1% |
| Quarter 4 | 24.0 | 16.2 | 7.8 * | 48.2% |
| Quarter 5 | 21.6 | 16.6 | 5.0 | 30.3% |
| Quarter 6 | 20.5 | 19.0 | 1.4 | 7.5% |
| Quarter 7 | 22.2 | 18.2 | 4.0 | 21.9% |
| Quarter 8 | 21.3 | 14.6 | 6.8 | 46.5% |
| Quarter 9 | 19.4 | 16.7 | 2.7 | 16.1% |
| Quarter 10 | 18.4 | 13.2 | 5.2 | 39.1% |
| Quarter 11 | 21.4 | 12.2 | 9.3 * | 76.2% |
| Quarter 12 | 19.6 | 11.8 | 7.8 | 65.9% |
| Quarter 13 | 20.2 | 12.3 | 7.9 | 64.1% |
| Quarter 14 | – – | – – | – – | – – |
| Quarter 15 | – – | – – | – – | – – |
| Quarter 16 | – – | – – | – – | – – |
| Average total earnings ($) | | | | |
| Year 1 (quarters 2-5) | 1115 | 1061 | 54 | 5.1% |
| Year 2 (quarters 6-9) | 1332 | 1133 | 200 | 17.6% |
| Year 3 (quarters 10-13) | 1600 | 1072 | 528 | 49.3% |
| Total (quarters 2-13) | 4047 | 3265 | 782 | 23.9% |
| Average total earnings ($) | | | | |
| Quarter of random assignment | 170 | 200 | -31 | -15.3% |
| Quarter 2 | 227 | 205 | 22 | 11.0% |
| Quarter 3 | 239 | 260 | -21 | -8.1% |
| Quarter 4 | 295 | 279 | 16 | 5.8% |
| Quarter 5 | 353 | 317 | 36 | 11.5% |
| Quarter 6 | 249 | 272 | -23 | -8.5% |
| Quarter 7 | 378 | 325 | 53 | 16.4% |
| Quarter 8 | 373 | 279 | 94 | 33.7% |
| Quarter 9 | 333 | 257 | 76 | 29.4% |
| Quarter 10 | 344 | 206 | 138 | 67.3% |
| Quarter 11 | 412 | 278 | 135 | 48.6% |
| Quarter 12 | 451 | 256 | 195 | 76.3% |
| Quarter 13 | 392 | 333 | 59 | 17.8% |
| Quarter 14 | – – | – – | – – | – – |
| Quarter 15 | – – | – – | – – | – – |
| Quarter 16 | – – | – – | – – | – – |

(continued)

## TABLE G.1 (continued)

| Outcome and Follow-Up Period | Experimentals | Controls | Difference | Percentage Change |
|---|---|---|---|---|
| Ever received any AFDC payments (%) | | | | |
| Year 1 (quarters 2-5) | 99.8 | 96.8 | 3.0 * | 3.1% |
| Year 2 (quarters 6-9) | 94.7 | 90.8 | 4.0 | 4.4% |
| Year 3 (quarters 10-13) | 85.0 | 86.5 | -1.4 | -1.6% |
| Total (quarters 2-13) | 99.8 | 96.8 | 3.0 * | 3.1% |
| Average number of months receiving AFDC payments | | | | |
| Year 1 (quarters 2-5) | 11.41 | 11.11 | 0.30 | 2.7% |
| Year 2 (quarters 6-9) | 10.77 | 10.33 | 0.44 | 4.2% |
| Year 3 (quarters 10-13) | 9.05 | 9.85 | -0.80 | -8.1% |
| Total (quarters 2-13) | 31.24 | 31.29 | -0.06 | -0.2% |
| Ever received any AFDC payments (%) | | | | |
| Quarter of random assignment | 99.5 | 99.5 | 0.0 | 0.0% |
| Quarter 2 | 99.8 | 96.8 | 3.0 * | 3.1% |
| Quarter 3 | 94.8 | 91.8 | 3.0 | 3.3% |
| Quarter 4 | 95.0 | 92.8 | 2.2 | 2.3% |
| Quarter 5 | 94.6 | 93.3 | 1.3 | 1.4% |
| Quarter 6 | 93.9 | 89.4 | 4.4 | 5.0% |
| Quarter 7 | 94.6 | 87.4 | 7.2 * | 8.3% |
| Quarter 8 | 89.1 | 85.4 | 3.7 | 4.3% |
| Quarter 9 | 86.2 | 85.2 | 1.0 | 1.2% |
| Quarter 10 | 85.0 | 86.5 | -1.4 | -1.6% |
| Quarter 11 | 80.1 | 83.9 | -3.8 | -4.5% |
| Quarter 12 | 75.2 | 80.0 | -4.8 | -6.0% |
| Quarter 13 | 67.1 | 79.7 | -12.6 ** | -15.8% |
| Quarter 14 | -- | -- | -- | -- |
| Quarter 15 | -- | -- | -- | -- |
| Quarter 16 | -- | -- | -- | -- |
| Average total AFDC payments received ($) | | | | |
| Year 1 (quarters 2-5) | 10066 | 9905 | 161 | 1.6% |
| Year 2 (quarters 6-9) | 9071 | 8889 | 182 | 2.1% |
| Year 3 (quarters 10-13) | 7506 | 7952 | -447 | -5.6% |
| Total (quarters 2-13) | 26643 | 26746 | -103 | -0.4% |
| Average AFDC payments received ($) | | | | |
| Quarter of random assignment | 2686 | 2718 | -32 | -1.2% |
| Quarter 2 | 2655 | 2511 | 145 * | 5.8% |
| Quarter 3 | 2528 | 2487 | 40 | 1.6% |
| Quarter 4 | 2480 | 2488 | -8 | -0.3% |
| Quarter 5 | 2403 | 2419 | -16 | -0.7% |
| Quarter 6 | 2381 | 2286 | 95 | 4.2% |
| Quarter 7 | 2333 | 2251 | 82 | 3.6% |
| Quarter 8 | 2209 | 2193 | 16 | 0.7% |
| Quarter 9 | 2148 | 2159 | -11 | -0.5% |
| Quarter 10 | 2110 | 2126 | -16 | -0.7% |
| Quarter 11 | 1982 | 2036 | -54 | -2.7% |
| Quarter 12 | 1779 | 1926 | -147 | -7.6% |
| Quarter 13 | 1635 | 1864 | -230 | -12.3% |
| Quarter 14 | -- | -- | -- | -- |
| Quarter 15 | -- | -- | -- | -- |
| Quarter 16 | -- | -- | -- | -- |
| Sample size (total = 182) | 96 | 86 | | |

SOURCE AND NOTES: See Table 6.1. Thirteen quarters of follow-up data are available for Alameda.

## TABLE G.2

## BUTTE AFDC-Us: IMPACTS ON EMPLOYMENT, EARNINGS, AFDC RECEIPT, AND AFDC PAYMENTS

| Outcome and Follow-Up Period | Experimentals | Controls | Difference | Percentage Change |
|---|---|---|---|---|
| Ever employed (%) | | | | |
| Year 1 (quarters 2-5) | 51.4 | 44.1 | 7.3 ** | 16.6% |
| Year 2 (quarters 6-9) | 50.4 | 45.5 | 4.9 | 10.8% |
| Year 3 (quarters 10-13) | 48.1 | 41.9 | 6.2 * | 14.7% |
| Total (quarters 2-13) | 67.5 | 63.6 | 3.8 | 6.0% |
| Average number of quarters with employment | | | | |
| Year 1 (quarters 2-5) | 1.30 | 1.08 | 0.22 ** | 20.9% |
| Year 2 (quarters 6-9) | 1.37 | 1.12 | 0.26 ** | 23.2% |
| Year 3 (quarters 10-13) | 1.36 | 1.13 | 0.23 ** | 20.1% |
| Total (quarters 2-13) | 4.03 | 3.32 | 0.71 *** | 21.4% |
| Ever employed (%) | | | | |
| Quarter of random assignment | 25.0 | 18.7 | 6.3 ** | 33.5% |
| Quarter 2 | 30.2 | 25.8 | 4.4 | 17.2% |
| Quarter 3 | 33.2 | 27.9 | 5.3 | 18.8% |
| Quarter 4 | 33.0 | 28.2 | 4.8 | 16.9% |
| Quarter 5 | 33.8 | 25.8 | 8.0 ** | 31.2% |
| Quarter 6 | 34.2 | 27.4 | 6.8 ** | 24.8% |
| Quarter 7 | 33.6 | 28.3 | 5.3 | 18.7% |
| Quarter 8 | 34.5 | 26.5 | 8.0 ** | 30.1% |
| Quarter 9 | 35.1 | 29.3 | 5.8 * | 19.8% |
| Quarter 10 | 35.1 | 28.0 | 7.1 ** | 25.5% |
| Quarter 11 | 34.8 | 29.8 | 5.0 | 16.6% |
| Quarter 12 | 33.8 | 27.7 | 6.0 * | 21.8% |
| Quarter 13 | 32.1 | 27.6 | 4.6 | 16.6% |
| Quarter 14 | 33.6 | 28.7 | 4.9 | 17.0% |
| Quarter 15 | -- | -- | -- | -- |
| Quarter 16 | -- | -- | -- | -- |
| Average total earnings ($) | | | | |
| Year 1 (quarters 2-5) | 3026 | 2393 | 633 * | 26.5% |
| Year 2 (quarters 6-9) | 4033 | 2776 | 1257 *** | 45.3% |
| Year 3 (quarters 10-13) | 4752 | 3346 | 1406 ** | 42.0% |
| Total (quarters 2-13) | 11811 | 8515 | 3295 *** | 38.7% |
| Average total earnings ($) | | | | |
| Quarter of random assignment | 269 | 234 | 35 | 14.9% |
| Quarter 2 | 618 | 436 | 182 * | 41.6% |
| Quarter 3 | 730 | 625 | 105 | 16.8% |
| Quarter 4 | 833 | 681 | 152 | 22.4% |
| Quarter 5 | 845 | 651 | 194 | 29.8% |
| Quarter 6 | 903 | 660 | 243 * | 36.8% |
| Quarter 7 | 1032 | 724 | 308 ** | 42.6% |
| Quarter 8 | 1041 | 696 | 345 ** | 49.5% |
| Quarter 9 | 1057 | 696 | 361 ** | 51.8% |
| Quarter 10 | 1144 | 846 | 298 * | 35.2% |
| Quarter 11 | 1226 | 880 | 345 ** | 39.2% |
| Quarter 12 | 1219 | 834 | 385 ** | 46.1% |
| Quarter 13 | 1164 | 785 | 378 ** | 48.1% |
| Quarter 14 | 1222 | 870 | 352 ** | 40.4% |
| Quarter 15 | -- | -- | -- | -- |
| Quarter 16 | -- | -- | -- | -- |

(continued)

## TABLE G.2 (continued)

| Outcome and Follow-Up Period | Experimentals | Controls | Difference | Percentage Change |
|---|---|---|---|---|
| Ever received any AFDC payments (%) | | | | |
| Year 1 (quarters 2-5) | 88.5 | 86.2 | 2.3 | 2.6% |
| Year 2 (quarters 6-9) | 66.1 | 68.3 | -2.2 | -3.2% |
| Year 3 (quarters 10-13) | 58.7 | 60.6 | -1.9 | -3.2% |
| Total (quarters 2-13) | 89.1 | 87.2 | 1.9 | 2.2% |
| Average number of months receiving AFDC payments | | | | |
| Year 1 (quarters 2-5) | 8.34 | 8.44 | -0.09 | -1.1% |
| Year 2 (quarters 6-9) | 6.43 | 6.78 | -0.35 | -5.1% |
| Year 3 (quarters 10-13) | 5.69 | 6.08 | -0.39 | -6.4% |
| Total (quarters 2-13) | 20.46 | 21.29 | -0.83 | -3.9% |
| Ever received any AFDC payments (%) | | | | |
| Quarter of random assignment | 88.7 | 88.6 | 0.0 | 0.1% |
| Quarter 2 | 87.6 | 85.3 | 2.3 | 2.7% |
| Quarter 3 | 77.0 | 75.8 | 1.2 | 1.6% |
| Quarter 4 | 68.8 | 70.5 | -1.7 | -2.4% |
| Quarter 5 | 63.7 | 67.0 | -3.3 | -4.9% |
| Quarter 6 | 60.8 | 64.4 | -3.6 | -5.6% |
| Quarter 7 | 57.8 | 60.4 | -2.7 | -4.4% |
| Quarter 8 | 54.9 | 57.8 | -2.8 | -4.9% |
| Quarter 9 | 52.8 | 57.6 | -4.7 | -8.2% |
| Quarter 10 | 52.8 | 55.8 | -3.0 | -5.4% |
| Quarter 11 | 51.7 | 54.7 | -3.0 | -5.5% |
| Quarter 12 | 49.3 | 51.9 | -2.5 | -4.9% |
| Quarter 13 | 47.9 | 52.7 | -4.8 | -9.1% |
| Quarter 14 | 45.9 | 49.6 | -3.7 | -7.4% |
| Quarter 15 | 44.3 | 48.3 | -4.0 | -8.2% |
| Quarter 16 | - - | - - | - - | - - |
| Average total AFDC payments received ($) | | | | |
| Year 1 (quarters 2-5) | 6523 | 6749 | -226 | -3.4% |
| Year 2 (quarters 6-9) | 5246 | 5775 | -529 | -9.2% |
| Year 3 (quarters 10-13) | 4555 | 5071 | -516 | -10.2% |
| Total (quarters 2-13) | 16324 | 17595 | -1271 | -7.2% |
| Average AFDC payments received ($) | | | | |
| Quarter of random assignment | 1726 | 1795 | -69 | -3.9% |
| Quarter 2 | 1853 | 1878 | -25 | -1.3% |
| Quarter 3 | 1688 | 1706 | -18 | -1.0% |
| Quarter 4 | 1528 | 1616 | -89 | -5.5% |
| Quarter 5 | 1453 | 1548 | -95 | -6.1% |
| Quarter 6 | 1400 | 1527 | -127 | -8.3% |
| Quarter 7 | 1336 | 1483 | -147 | -9.9% |
| Quarter 8 | 1276 | 1411 | -135 | -9.6% |
| Quarter 9 | 1235 | 1354 | -119 | -8.8% |
| Quarter 10 | 1200 | 1285 | -85 | -6.6% |
| Quarter 11 | 1181 | 1303 | -122 | -9.4% |
| Quarter 12 | 1109 | 1241 | -132 | -10.6% |
| Quarter 13 | 1065 | 1243 | -178 ** | -14.3% |
| Quarter 14 | 1014 | 1138 | -124 | -10.9% |
| Quarter 15 | 961 | 1041 | -80 | -7.7% |
| Quarter 16 | - - | - - | - - | - - |
| Sample size (total = 1006) | 780 | 226 | | |

SOURCE AND NOTES: See Table 6.1. Fourteen quarters of employment and earnings follow-up data and 15 quarters of AFDC data are available for Butte.

## TABLE G.3

## LOS ANGELES AFDC-Us: IMPACTS ON EMPLOYMENT, EARNINGS, AFDC RECEIPT, AND AFDC PAYMENTS

| Outcome and Follow-Up Period | Experimentals | Controls | Difference | Percentage Change |
|---|---|---|---|---|
| Ever employed (%) | | | | |
| Year 1 (quarters 2-5) | 41.2 | 29.4 | 11.8 *** | 40.1% |
| Year 2 (quarters 6-9) | 39.0 | 29.3 | 9.7 *** | 33.0% |
| Year 3 (quarters 10-13) | 35.8 | 26.0 | 9.8 *** | 37.7% |
| Total (quarters 2-13) | 51.1 | 36.4 | 14.7 *** | 40.3% |
| Average number of quarters with employment | | | | |
| Year 1 (quarters 2-5) | 1.24 | 0.91 | 0.33 *** | 36.9% |
| Year 2 (quarters 6-9) | 1.23 | 0.91 | 0.32 *** | 34.8% |
| Year 3 (quarters 10-13) | 1.18 | 0.83 | 0.35 *** | 42.7% |
| Total (quarters 2-13) | 3.65 | 2.65 | 1.01 *** | 38.0% |
| Ever employed (%) | | | | |
| Quarter of random assignment | 25.1 | 23.5 | 1.6 | 6.8% |
| Quarter 2 | 29.7 | 21.9 | 7.8 *** | 35.6% |
| Quarter 3 | 30.5 | 22.8 | 7.8 *** | 34.2% |
| Quarter 4 | 31.7 | 22.6 | 9.1 *** | 40.4% |
| Quarter 5 | 31.9 | 23.3 | 8.7 *** | 37.2% |
| Quarter 6 | 32.0 | 22.4 | 9.6 *** | 43.1% |
| Quarter 7 | 30.6 | 23.0 | 7.6 *** | 32.9% |
| Quarter 8 | 30.7 | 23.8 | 6.9 *** | 28.8% |
| Quarter 9 | 30.0 | 22.3 | 7.7 *** | 34.7% |
| Quarter 10 | 28.6 | 21.9 | 6.7 *** | 30.4% |
| Quarter 11 | 29.8 | 20.9 | 8.8 *** | 42.2% |
| Quarter 12 | 30.2 | 20.4 | 9.8 *** | 48.0% |
| Quarter 13 | 29.5 | 19.5 | 10.0 *** | 51.3% |
| Quarter 14 | 30.1 | 20.2 | 9.9 *** | 48.9% |
| Quarter 15 | -- | -- | -- | -- |
| Quarter 16 | -- | -- | -- | -- |
| Average total earnings ($) | | | | |
| Year 1 (quarters 2-5) | 1480 | 1221 | 259 ** | 21.2% |
| Year 2 (quarters 6-9) | 1787 | 1468 | 319 * | 21.7% |
| Year 3 (quarters 10-13) | 1726 | 1417 | 309 | 21.8% |
| Total (quarters 2-13) | 4993 | 4106 | 887 ** | 21.6% |
| Average total earnings ($) | | | | |
| Quarter of random assignment | 242 | 234 | 8 | 3.4% |
| Quarter 2 | 338 | 261 | 77 ** | 29.5% |
| Quarter 3 | 366 | 312 | 54 | 17.4% |
| Quarter 4 | 383 | 305 | 78 ** | 25.7% |
| Quarter 5 | 393 | 343 | 50 | 14.5% |
| Quarter 6 | 459 | 366 | 92 * | 25.2% |
| Quarter 7 | 442 | 364 | 78 | 21.4% |
| Quarter 8 | 456 | 372 | 83 | 22.4% |
| Quarter 9 | 431 | 365 | 65 | 17.9% |
| Quarter 10 | 405 | 376 | 29 | 7.7% |
| Quarter 11 | 434 | 354 | 80 | 22.6% |
| Quarter 12 | 445 | 341 | 104 ** | 30.4% |
| Quarter 13 | 442 | 346 | 96 * | 27.8% |
| Quarter 14 | 450 | 354 | 96 * | 27.1% |
| Quarter 15 | -- | -- | -- | -- |
| Quarter 16 | -- | -- | -- | -- |

(continued)

## TABLE G.3 (continued)

| Outcome and Follow-Up Period | Experimentals | Controls | Difference | Percentage Change |
|---|---|---|---|---|
| Ever received any AFDC payments (%) | | | | |
| Year 1 (quarters 2-5) | 97.1 | 97.8 | -0.7 | -0.7% |
| Year 2 (quarters 6-9) | 90.9 | 90.7 | 0.2 | 0.2% |
| Year 3 (quarters 10-13) | 84.2 | 84.8 | -0.5 | -0.6% |
| Total (quarters 2-13) | 97.3 | 98.2 | -1.0 | -1.0% |
| Average number of months receiving AFDC payments | | | | |
| Year 1 (quarters 2-5) | 11.19 | 11.26 | -0.07 | -0.6% |
| Year 2 (quarters 6-9) | 10.43 | 10.40 | 0.04 | 0.3% |
| Year 3 (quarters 10-13) | 9.67 | 9.59 | 0.08 | 0.9% |
| Total (quarters 2-13) | 31.29 | 31.24 | 0.05 | 0.1% |
| Ever received any AFDC payments (%) | | | | |
| Quarter of random assignment | 97.5 | 97.5 | 0.0 | 0.0% |
| Quarter 2 | 96.7 | 97.4 | -0.6 | -0.7% |
| Quarter 3 | 95.2 | 95.5 | -0.3 | -0.3% |
| Quarter 4 | 93.7 | 93.6 | 0.1 | 0.1% |
| Quarter 5 | 91.1 | 92.3 | -1.1 | -1.2% |
| Quarter 6 | 90.1 | 89.9 | 0.1 | 0.2% |
| Quarter 7 | 88.6 | 88.4 | 0.2 | 0.2% |
| Quarter 8 | 87.7 | 86.5 | 1.2 | 1.4% |
| Quarter 9 | 85.5 | 85.3 | 0.1 | 0.2% |
| Quarter 10 | 83.3 | 84.1 | -0.8 | -1.0% |
| Quarter 11 | 82.2 | 81.3 | 1.0 | 1.2% |
| Quarter 12 | 81.6 | 79.7 | 1.9 | 2.3% |
| Quarter 13 | 78.4 | 77.9 | 0.5 | 0.6% |
| Quarter 14 | 77.2 | 77.0 | 0.2 | 0.3% |
| Quarter 15 | 75.9 | 75.8 | 0.0 | 0.1% |
| Quarter 16 | - - | - - | - - | - - |
| Average total AFDC payments received ($) | | | | |
| Year 1 (quarters 2-5) | 9440 | 9871 | -431 *** | -4.4% |
| Year 2 (quarters 6-9) | 8333 | 8826 | -493 *** | -5.6% |
| Year 3 (quarters 10-13) | 7417 | 7739 | -323 * | -4.2% |
| Total (quarters 2-13) | 25190 | 26436 | -1246 *** | -4.7% |
| Average AFDC payments received ($) | | | | |
| Quarter of random assignment | 2558 | 2565 | -7 | -0.3% |
| Quarter 2 | 2503 | 2552 | -49 *** | -1.9% |
| Quarter 3 | 2406 | 2506 | -100 *** | -4.0% |
| Quarter 4 | 2327 | 2451 | -124 *** | -5.1% |
| Quarter 5 | 2205 | 2361 | -157 *** | -6.6% |
| Quarter 6 | 2171 | 2299 | -128 *** | -5.6% |
| Quarter 7 | 2119 | 2251 | -133 *** | -5.9% |
| Quarter 8 | 2066 | 2177 | -111 ** | -5.1% |
| Quarter 9 | 1978 | 2099 | -121 *** | -5.8% |
| Quarter 10 | 1915 | 2045 | -130 *** | -6.4% |
| Quarter 11 | 1899 | 1970 | -71 | -3.6% |
| Quarter 12 | 1844 | 1900 | -56 | -3.0% |
| Quarter 13 | 1759 | 1824 | -65 | -3.6% |
| Quarter 14 | 1715 | 1751 | -36 | -2.1% |
| Quarter 15 | 1667 | 1708 | -41 | -2.4% |
| Quarter 16 | - - | - - | - - | - - |
| Sample size (total = 1458) | 735 | 723 | | |

SOURCE AND NOTES: See Table 6.1. Fourteen quarters of employment and earnings follow-up data and 15 quarters of AFDC data are available for Los Angeles.

## TABLE G.4

## RIVERSIDE AFDC-Us: IMPACTS ON EMPLOYMENT, EARNINGS, AFDC RECEIPT, AND AFDC PAYMENTS

| Outcome and Follow-Up Period | Experimentals | Controls | Difference | Percentage Change |
|---|---|---|---|---|
| Ever employed (%) | | | | |
| Year 1 (quarters 2-5) | 57.2 | 48.6 | 8.6 *** | 17.7% |
| Year 2 (quarters 6-9) | 51.3 | 44.7 | 6.6 *** | 14.8% |
| Year 3 (quarters 10-13) | 44.8 | 40.2 | 4.6 ** | 11.3% |
| Total (quarters 2-13) | 69.1 | 61.3 | 7.8 *** | 12.7% |
| Average number of quarters with employment | | | | |
| Year 1 (quarters 2-5) | 1.51 | 1.24 | 0.27 *** | 21.9% |
| Year 2 (quarters 6-9) | 1.42 | 1.23 | 0.19 *** | 15.4% |
| Year 3 (quarters 10-13) | 1.30 | 1.15 | 0.15 ** | 12.9% |
| Total (quarters 2-13) | 4.22 | 3.62 | 0.61 *** | 16.8% |
| Ever employed (%) | | | | |
| Quarter of random assignment | 28.9 | 23.0 | 5.9 *** | 25.5% |
| Quarter 2 | 37.5 | 27.4 | 10.2 *** | 37.2% |
| Quarter 3 | 38.8 | 31.7 | 7.1 *** | 22.4% |
| Quarter 4 | 39.3 | 33.8 | 5.5 *** | 16.2% |
| Quarter 5 | 35.7 | 31.2 | 4.4 ** | 14.1% |
| Quarter 6 | 37.7 | 31.1 | 6.6 *** | 21.1% |
| Quarter 7 | 36.0 | 31.1 | 4.9 ** | 15.6% |
| Quarter 8 | 34.7 | 30.9 | 3.7 * | 12.0% |
| Quarter 9 | 33.3 | 29.5 | 3.7 * | 12.7% |
| Quarter 10 | 32.8 | 28.5 | 4.2 ** | 14.7% |
| Quarter 11 | 33.6 | 28.5 | 5.1 ** | 17.7% |
| Quarter 12 | 32.1 | 29.2 | 2.9 | 9.8% |
| Quarter 13 | 31.1 | 28.5 | 2.6 | 9.3% |
| Quarter 14 | 30.2 | 26.3 | 3.8 * | 14.6% |
| Quarter 15 | - - | - - | - - | - - |
| Quarter 16 | - - | - - | - - | - - |
| Average total earnings ($) | | | | |
| Year 1 (quarters 2-5) | 3691 | 2930 | 761 *** | 26.0% |
| Year 2 (quarters 6-9) | 4038 | 3628 | 411 | 11.3% |
| Year 3 (quarters 10-13) | 3812 | 3478 | 334 | 9.6% |
| Total (quarters 2-13) | 11542 | 10036 | 1506 ** | 15.0% |
| Average total earnings ($) | | | | |
| Quarter of random assignment | 326 | 223 | 104 *** | 46.5% |
| Quarter 2 | 725 | 492 | 232 *** | 47.2% |
| Quarter 3 | 970 | 690 | 280 *** | 40.5% |
| Quarter 4 | 1016 | 867 | 149 * | 17.1% |
| Quarter 5 | 981 | 881 | 100 | 11.4% |
| Quarter 6 | 1051 | 928 | 123 | 13.3% |
| Quarter 7 | 1029 | 929 | 100 | 10.7% |
| Quarter 8 | 1012 | 916 | 96 | 10.5% |
| Quarter 9 | 946 | 855 | 92 | 10.7% |
| Quarter 10 | 986 | 832 | 154 * | 18.5% |
| Quarter 11 | 963 | 879 | 84 | 9.6% |
| Quarter 12 | 961 | 891 | 70 | 7.9% |
| Quarter 13 | 902 | 876 | 26 | 3.0% |
| Quarter 14 | 962 | 866 | 97 | 11.2% |
| Quarter 15 | - - | - - | - - | - - |
| Quarter 16 | - - | - - | - - | - - |

(continued)

## TABLE G.4 (continued)

| Outcome and Follow-Up Period | Experimentals | Controls | Difference | Percentage Change |
|---|---|---|---|---|
| Ever received any AFDC payments (%) | | | | |
| Year 1 (quarters 2–5) | 84.1 | 86.7 | –2.7 * | –3.1% |
| Year 2 (quarters 6–9) | 59.5 | 62.3 | –2.8 | –4.5% |
| Year 3 (quarters 10–13) | 53.1 | 51.9 | 1.2 | 2.3% |
| Total (quarters 2–13) | 88.1 | 90.4 | –2.2 | –2.5% |
| Average number of months receiving AFDC payments | | | | |
| Year 1 (quarters 2–5) | 6.48 | 7.37 | –0.90 *** | –12.2% |
| Year 2 (quarters 6–9) | 5.21 | 5.70 | –0.49 ** | –8.6% |
| Year 3 (quarters 10–13) | 4.93 | 5.08 | –0.15 | –2.9% |
| Total (quarters 2–13) | 16.61 | 18.15 | –1.54 *** | –8.5% |
| Ever received any AFDC payments (%) | | | | |
| Quarter of random assignment | 88.2 | 88.3 | –0.1 | –0.1% |
| Quarter 2 | 78.7 | 84.2 | –5.4 *** | –6.4% |
| Quarter 3 | 59.3 | 68.6 | –9.3 *** | –13.6% |
| Quarter 4 | 55.7 | 60.5 | –4.7 ** | –7.8% |
| Quarter 5 | 51.1 | 56.9 | –5.8 *** | –10.2% |
| Quarter 6 | 48.4 | 54.3 | –5.8 *** | –10.8% |
| Quarter 7 | 48.2 | 50.9 | –2.7 | –5.3% |
| Quarter 8 | 47.3 | 49.6 | –2.3 | –4.7% |
| Quarter 9 | 46.9 | 49.5 | –2.6 | –5.3% |
| Quarter 10 | 45.9 | 48.3 | –2.4 | –4.9% |
| Quarter 11 | 44.9 | 44.8 | 0.2 | 0.3% |
| Quarter 12 | 43.0 | 44.0 | –1.0 | –2.3% |
| Quarter 13 | 42.6 | 40.9 | 1.7 | 4.1% |
| Quarter 14 | 42.2 | 40.8 | 1.4 | 3.5% |
| Quarter 15 | 42.3 | 42.0 | 0.3 | 0.7% |
| Quarter 16 | – – | – – | – – | – – |
| Average total AFDC payments received ($) | | | | |
| Year 1 (quarters 2–5) | 4840 | 5807 | –967 *** | –16.7% |
| Year 2 (quarters 6–9) | 3892 | 4640 | –748 *** | –16.1% |
| Year 3 (quarters 10–13) | 3614 | 3964 | –350 * | –8.8% |
| Total (quarters 2–13) | 12346 | 14411 | –2064 *** | –14.3% |
| Average AFDC payments received ($) | | | | |
| Quarter of random assignment | 1679 | 1734 | –54 | –3.1% |
| Quarter 2 | 1539 | 1765 | –226 *** | –12.8% |
| Quarter 3 | 1169 | 1465 | –296 *** | –20.2% |
| Quarter 4 | 1100 | 1328 | –228 *** | –17.1% |
| Quarter 5 | 1031 | 1248 | –217 *** | –17.4% |
| Quarter 6 | 995 | 1234 | –239 *** | –19.4% |
| Quarter 7 | 992 | 1171 | –179 *** | –15.3% |
| Quarter 8 | 949 | 1135 | –186 *** | –16.4% |
| Quarter 9 | 957 | 1100 | –144 *** | –13.0% |
| Quarter 10 | 956 | 1074 | –118 ** | –11.0% |
| Quarter 11 | 916 | 1034 | –118 ** | –11.4% |
| Quarter 12 | 878 | 966 | –88 * | –9.1% |
| Quarter 13 | 864 | 891 | –27 | –3.0% |
| Quarter 14 | 858 | 869 | –11 | –1.3% |
| Quarter 15 | 838 | 863 | –25 | –2.9% |
| Quarter 16 | – – | – – | – – | – – |
| Sample size (total = 2323) | 1590 | 733 | | |

SOURCE AND NOTES: See Table 6.1. Fourteen quarters of employment and earnings follow-up data and 15 quarters of AFDC data are available for Riverside.

## TABLE G.5

## SAN DIEGO AFDC-Us: IMPACTS ON EMPLOYMENT, EARNINGS, AFDC RECEIPT, AND AFDC PAYMENTS

| Outcome and Follow-Up Period | Experimentals | Controls | Difference | Percentage Change |
|---|---|---|---|---|
| Ever employed (%) | | | | |
| Year 1 (quarters 2-5) | 53.9 | 50.1 | 3.8 ** | 7.6% |
| Year 2 (quarters 6-9) | 50.0 | 45.8 | 4.2 ** | 9.1% |
| Year 3 (quarters 10-13) | 45.6 | 43.9 | 1.7 | 3.9% |
| Total (quarters 2-13) | 67.3 | 64.6 | 2.7 | 4.1% |
| Average number of quarters with employment | | | | |
| Year 1 (quarters 2-5) | 1.49 | 1.38 | 0.10 | 7.3% |
| Year 2 (quarters 6-9) | 1.48 | 1.34 | 0.14 ** | 10.4% |
| Year 3 (quarters 10-13) | 1.38 | 1.35 | 0.02 | 1.8% |
| Total (quarters 2-13) | 4.34 | 4.08 | 0.26 | 6.5% |
| Ever employed (%) | | | | |
| Quarter of random assignment | 32.9 | 33.4 | -0.5 | -1.4% |
| Quarter 2 | 35.2 | 33.5 | 1.7 | 5.0% |
| Quarter 3 | 37.8 | 35.7 | 2.1 | 6.0% |
| Quarter 4 | 38.1 | 34.6 | 3.5 * | 10.0% |
| Quarter 5 | 37.5 | 34.6 | 2.8 | 8.2% |
| Quarter 6 | 37.9 | 34.3 | 3.6 * | 10.5% |
| Quarter 7 | 37.5 | 33.8 | 3.6 * | 10.7% |
| Quarter 8 | 36.7 | 32.8 | 4.0 ** | 12.1% |
| Quarter 9 | 35.7 | 33.0 | 2.7 | 8.2% |
| Quarter 10 | 34.9 | 33.6 | 1.3 | 3.9% |
| Quarter 11 | 34.2 | 33.4 | 0.8 | 2.3% |
| Quarter 12 | 34.0 | 34.2 | -0.2 | -0.6% |
| Quarter 13 | 34.6 | 34.0 | 0.6 | 1.6% |
| Quarter 14 | 33.5 | 32.7 | 0.8 | 2.4% |
| Quarter 15 | 32.7 | 33.0 | -0.3 | -1.0% |
| Quarter 16 | 31.2 | 32.5 | -1.3 | -4.0% |
| Average total earnings ($) | | | | |
| Year 1 (quarters 2-5) | 3331 | 3089 | 242 | 7.8% |
| Year 2 (quarters 6-9) | 4128 | 3978 | 150 | 3.8% |
| Year 3 (quarters 10-13) | 4144 | 4402 | -258 | -5.9% |
| Total (quarters 2-13) | 11603 | 11469 | 134 | 1.2% |
| Average total earnings ($) | | | | |
| Quarter of random assignment | 377 | 399 | -22 | -5.6% |
| Quarter 2 | 624 | 560 | 64 | 11.5% |
| Quarter 3 | 829 | 752 | 78 | 10.3% |
| Quarter 4 | 914 | 879 | 35 | 4.0% |
| Quarter 5 | 964 | 899 | 65 | 7.3% |
| Quarter 6 | 1034 | 966 | 68 | 7.0% |
| Quarter 7 | 1034 | 985 | 49 | 4.9% |
| Quarter 8 | 1028 | 1000 | 29 | 2.9% |
| Quarter 9 | 1031 | 1027 | 5 | 0.4% |
| Quarter 10 | 1036 | 1077 | -41 | -3.8% |
| Quarter 11 | 1023 | 1124 | -101 | -9.0% |
| Quarter 12 | 1056 | 1114 | -58 | -5.2% |
| Quarter 13 | 1029 | 1087 | -58 | -5.3% |
| Quarter 14 | 1026 | 1090 | -64 | -5.9% |
| Quarter 15 | 1001 | 1091 | -89 | -8.2% |
| Quarter 16 | 1012 | 1056 | -44 | -4.2% |

(continued)

## TABLE G.5 (continued)

| Outcome and Follow-Up Period | Experimentals | Controls | Difference | Percentage Change |
|---|---|---|---|---|
| Ever received any AFDC payments (%) | | | | |
| Year 1 (quarters 2-5) | 94.9 | 94.0 | 1.0 | 1.0% |
| Year 2 (quarters 6-9) | 71.4 | 74.4 | -3.0 * | -4.0% |
| Year 3 (quarters 10-13) | 64.8 | 63.5 | 1.3 | 2.0% |
| Total (quarters 2-13) | 96.1 | 94.7 | 1.4 | 1.4% |
| Average number of months receiving AFDC payments | | | | |
| Year 1 (quarters 2-5) | 8.97 | 9.40 | -0.44 *** | -4.6% |
| Year 2 (quarters 6-9) | 7.29 | 7.80 | -0.51 ** | -6.6% |
| Year 3 (quarters 10-13) | 6.83 | 6.88 | -0.05 | -0.7% |
| Total (quarters 2-13) | 23.09 | 24.08 | -1.00 * | -4.1% |
| Ever received any AFDC payments (%) | | | | |
| Quarter of random assignment | 98.0 | 98.3 | -0.3 | -0.3% |
| Quarter 2 | 93.7 | 92.9 | 0.8 | 0.9% |
| Quarter 3 | 81.1 | 83.6 | -2.5 | -3.0% |
| Quarter 4 | 73.6 | 79.0 | -5.4 *** | -6.8% |
| Quarter 5 | 69.4 | 74.6 | -5.2 *** | -7.0% |
| Quarter 6 | 65.2 | 71.0 | -5.7 *** | -8.1% |
| Quarter 7 | 63.7 | 68.4 | -4.7 ** | -6.9% |
| Quarter 8 | 63.3 | 65.9 | -2.5 | -3.8% |
| Quarter 9 | 61.8 | 64.0 | -2.2 | -3.5% |
| Quarter 10 | 60.7 | 61.3 | -0.6 | -1.0% |
| Quarter 11 | 59.8 | 58.7 | 1.0 | 1.7% |
| Quarter 12 | 58.6 | 58.0 | 0.6 | 1.0% |
| Quarter 13 | 56.9 | 57.2 | -0.2 | -0.4% |
| Quarter 14 | 55.2 | 56.1 | -0.9 | -1.6% |
| Quarter 15 | 53.5 | 54.2 | -0.8 | -1.4% |
| Quarter 16 | 53.0 | 53.5 | -0.5 | -1.0% |
| Average total AFDC payments received ($) | | | | |
| Year 1 (quarters 2-5) | 6790 | 7301 | -510 *** | -7.0% |
| Year 2 (quarters 6-9) | 5565 | 6197 | -632 *** | -10.2% |
| Year 3 (quarters 10-13) | 5155 | 5339 | -184 | -3.4% |
| Total (quarters 2-13) | 17510 | 18837 | -1327 *** | -7.0% |
| Average AFDC payments received ($) | | | | |
| Quarter of random assignment | 1871 | 1892 | -21 | -1.1% |
| Quarter 2 | 1936 | 1990 | -54 * | -2.7% |
| Quarter 3 | 1720 | 1862 | -142 *** | -7.6% |
| Quarter 4 | 1614 | 1755 | -141 *** | -8.0% |
| Quarter 5 | 1520 | 1694 | -174 *** | -10.2% |
| Quarter 6 | 1435 | 1631 | -196 *** | -12.0% |
| Quarter 7 | 1395 | 1574 | -180 *** | -11.4% |
| Quarter 8 | 1381 | 1517 | -137 *** | -9.0% |
| Quarter 9 | 1354 | 1474 | -120 ** | -8.1% |
| Quarter 10 | 1339 | 1419 | -80 * | -5.6% |
| Quarter 11 | 1304 | 1350 | -47 | -3.4% |
| Quarter 12 | 1277 | 1301 | -24 | -1.9% |
| Quarter 13 | 1235 | 1268 | -33 | -2.6% |
| Quarter 14 | 1183 | 1224 | -41 | -3.3% |
| Quarter 15 | 1138 | 1171 | -33 | -2.8% |
| Quarter 16 | 1104 | 1138 | -35 | -3.0% |
| Sample size (total = 3272) | 2427 | 845 | | |

SOURCE AND NOTES: See Table 6.1. Sixteen quarters of follow-up data are available for San Diego.

## TABLE G.6

## TULARE AFDC-Us: IMPACTS ON EMPLOYMENT, EARNINGS, AFDC RECEIPT, AND AFDC PAYMENTS

| Outcome and Follow-Up Period | Experimentals | Controls | Difference | Percentage Change |
|---|---|---|---|---|
| Ever employed (%) | | | | |
| Year 1 (quarters 2-5) | 52.5 | 51.2 | 1.3 | 2.5% |
| Year 2 (quarters 6-9) | 50.2 | 48.9 | 1.3 | 2.6% |
| Year 3 (quarters 10-13) | 48.9 | 48.4 | 0.5 | 1.0% |
| Total (quarters 2-13) | 67.0 | 64.0 | 3.0 | 4.7% |
| Average number of quarters with employment | | | | |
| Year 1 (quarters 2-5) | 1.38 | 1.38 | -0.00 | -0.3% |
| Year 2 (quarters 6-9) | 1.41 | 1.39 | 0.01 | 1.0% |
| Year 3 (quarters 10-13) | 1.42 | 1.37 | 0.06 | 4.1% |
| Total (quarters 2-13) | 4.21 | 4.14 | 0.07 | 1.6% |
| Ever employed (%) | | | | |
| Quarter of random assignment | 30.3 | 31.8 | -1.5 | -4.8% |
| Quarter 2 | 32.2 | 31.6 | 0.6 | 2.0% |
| Quarter 3 | 36.4 | 35.1 | 1.2 | 3.5% |
| Quarter 4 | 34.7 | 36.9 | -2.2 | -5.9% |
| Quarter 5 | 34.6 | 34.6 | 0.0 | 0.0% |
| Quarter 6 | 36.1 | 37.5 | -1.4 | -3.8% |
| Quarter 7 | 37.6 | 37.5 | 0.1 | 0.3% |
| Quarter 8 | 34.9 | 33.6 | 1.3 | 3.9% |
| Quarter 9 | 32.2 | 30.7 | 1.5 | 4.8% |
| Quarter 10 | 34.1 | 34.9 | -0.8 | -2.2% |
| Quarter 11 | 36.6 | 35.8 | 0.8 | 2.2% |
| Quarter 12 | 36.5 | 33.5 | 3.0 | 8.9% |
| Quarter 13 | 35.2 | 32.6 | 2.5 | 7.8% |
| Quarter 14 | -- | -- | -- | -- |
| Quarter 15 | -- | -- | -- | -- |
| Quarter 16 | -- | -- | -- | -- |
| Average total earnings ($) | | | | |
| Year 1 (quarters 2-5) | 2987 | 2961 | 26 | 0.9% |
| Year 2 (quarters 6-9) | 3721 | 3998 | -277 | -6.9% |
| Year 3 (quarters 10-13) | 4121 | 4138 | -17 | -0.4% |
| Total (quarters 2-13) | 10829 | 11097 | -268 | -2.4% |
| Average total earnings ($) | | | | |
| Quarter of random assignment | 345 | 373 | -28 | -7.5% |
| Quarter 2 | 561 | 639 | -78 | -12.1% |
| Quarter 3 | 786 | 767 | 19 | 2.5% |
| Quarter 4 | 823 | 776 | 47 | 6.0% |
| Quarter 5 | 817 | 779 | 38 | 4.8% |
| Quarter 6 | 910 | 980 | -70 | -7.2% |
| Quarter 7 | 999 | 1033 | -34 | -3.3% |
| Quarter 8 | 956 | 1026 | -70 | -6.8% |
| Quarter 9 | 856 | 959 | -102 | -10.7% |
| Quarter 10 | 973 | 1050 | -77 | -7.3% |
| Quarter 11 | 1066 | 1093 | -27 | -2.4% |
| Quarter 12 | 1084 | 1032 | 52 | 5.0% |
| Quarter 13 | 998 | 963 | 35 | 3.6% |
| Quarter 14 | -- | -- | -- | -- |
| Quarter 15 | -- | -- | -- | -- |
| Quarter 16 | -- | -- | -- | -- |

(continued)

## TABLE G.6 (continued)

| Outcome and Follow-Up Period | Experimentals | Controls | Difference | Percentage Change |
|---|---|---|---|---|
| Ever received any AFDC payments (%) | | | | |
| Year 1 (quarters 2-5) | 94.3 | 92.6 | 1.7 | 1.8% |
| Year 2 (quarters 6-9) | 76.5 | 75.7 | 0.8 | 1.1% |
| Year 3 (quarters 10-13) | 69.7 | 67.5 | 2.3 | 3.3% |
| Total (quarters 2-13) | 95.2 | 95.0 | 0.2 | 0.2% |
| Average number of months receiving AFDC payments | | | | |
| Year 1 (quarters 2-5) | 9.33 | 9.14 | 0.20 | 2.1% |
| Year 2 (quarters 6-9) | 7.81 | 7.61 | 0.20 | 2.7% |
| Year 3 (quarters 10-13) | 7.18 | 6.93 | 0.25 | 3.5% |
| Total (quarters 2-13) | 24.32 | 23.68 | 0.64 | 2.7% |
| Ever received any AFDC payments (%) | | | | |
| Quarter of random assignment | 94.8 | 95.7 | -0.9 | -1.0% |
| Quarter 2 | 92.8 | 90.9 | 1.8 | 2.0% |
| Quarter 3 | 84.4 | 80.2 | 4.2 ** | 5.3% |
| Quarter 4 | 77.8 | 76.0 | 1.8 | 2.4% |
| Quarter 5 | 74.6 | 74.5 | 0.2 | 0.2% |
| Quarter 6 | 70.6 | 69.8 | 0.8 | 1.1% |
| Quarter 7 | 68.3 | 66.8 | 1.5 | 2.3% |
| Quarter 8 | 66.6 | 65.0 | 1.6 | 2.5% |
| Quarter 9 | 66.4 | 65.3 | 1.1 | 1.7% |
| Quarter 10 | 64.8 | 62.8 | 2.0 | 3.2% |
| Quarter 11 | 63.5 | 59.6 | 3.9 * | 6.5% |
| Quarter 12 | 62.1 | 59.5 | 2.6 | 4.4% |
| Quarter 13 | 60.4 | 59.9 | 0.5 | 0.9% |
| Quarter 14 | - - | - - | - - | - - |
| Quarter 15 | - - | - - | - - | - - |
| Quarter 16 | - - | - - | - - | - - |
| Average total AFDC payments received ($) | | | | |
| Year 1 (quarters 2-5) | 7545 | 7523 | 23 | 0.3% |
| Year 2 (quarters 6-9) | 6316 | 6261 | 54 | 0.9% |
| Year 3 (quarters 10-13) | 5588 | 5600 | -12 | -0.2% |
| Total (quarters 2-13) | 19449 | 19384 | 66 | 0.3% |
| Average AFDC payments received ($) | | | | |
| Quarter of random assignment | 1916 | 1997 | -81 *** | -4.1% |
| Quarter 2 | 2059 | 2054 | 5 | 0.3% |
| Quarter 3 | 1927 | 1898 | 29 | 1.5% |
| Quarter 4 | 1805 | 1813 | -8 | -0.4% |
| Quarter 5 | 1754 | 1757 | -3 | -0.2% |
| Quarter 6 | 1657 | 1638 | 19 | 1.1% |
| Quarter 7 | 1586 | 1563 | 23 | 1.5% |
| Quarter 8 | 1542 | 1540 | 2 | 0.1% |
| Quarter 9 | 1530 | 1520 | 10 | 0.7% |
| Quarter 10 | 1486 | 1475 | 11 | 0.7% |
| Quarter 11 | 1419 | 1396 | 23 | 1.7% |
| Quarter 12 | 1359 | 1360 | -1 | -0.1% |
| Quarter 13 | 1324 | 1369 | -45 | -3.3% |
| Quarter 14 | - - | - - | - - | - - |
| Quarter 15 | - - | - - | - - | - - |
| Quarter 16 | - - | - - | - - | - - |
| Sample size (total = 1901) | 1319 | 582 | | |

SOURCE AND NOTES: See Table 6.1. Thirteen quarters of follow-up data are available for Tulare.

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## PROGRAMS FOR TEENAGE PARENTS ON WELFARE

**The LEAP Evaluation**

An evaluation of Ohio's Learning, Earning, and Parenting (LEAP) Program, which uses financial incentives to encourage teenage parents on welfare to stay in or return to school.

*LEAP: Implementing a Welfare Initiative to Improve School Attendance Among Teenage Parents*. 1991. Dan Bloom, Hilary Kopp, David Long, Denise Polit.

*LEAP: Interim Findings on a Welfare Initiative to Improve School Attendance Among Teenage Parents*. 1993. Dan Bloom, Veronica Fellerath, David Long, Robert Wood.

**The New Chance Demonstration**

A test of a comprehensive program of services that seeks to improve the economic status and general well-being of a group of highly disadvantaged young women and their children.

*New Chance: Implementing a Comprehensive Program for Disadvantaged Young Mothers and Their Children.* 1991. Janet Quint, Barbara Fink, Sharon Rowser.

*New Chance: An Innovative Program for Young Mothers and Their Children.* Brochure. 1993.

*Lives of Promise, Lives of Pain: Young Mothers After New Chance.* Monograph. 1994. Janet Quint, Judith Musick, with Joyce Ladner.

*New Chance: Interim Findings on a Comprehensive Program for Disadvantaged Young Mothers and Their Children.* 1994. Janet Quint, Denise Polit, Hans Bos, George Cave.

**Project Redirection**

A test of a comprehensive program of services for pregnant and parenting teenagers.

*The Challenge of Serving Teenage Mothers: Lessons from Project Redirection.* Monograph. 1988. Denise Polit, Janet Quint, James Riccio.

**The Community Service Projects**

A test of a New York State teenage pregnancy prevention and services initiative.

*The Community Service Projects: A New York State Adolescent Pregnancy Initiative.* 1986. Cynthia Guy.

*The Community Service Projects: Final Report on a New York State Adolescent Pregnancy Prevention and Services Program.* 1988. Cynthia Guy, Lawrence Bailis, David Palasits, Kay Sherwood.

## THE SCHOOL-TO-WORK TRANSITION PROJECT

A study of innovative programs that help students make the transition from school to work.

*The School-to-Work Transition and Youth Apprenticeship: Lessons from the U.S. Experience.* 1993. Thomas Bailey, Donna Merritt.

*Home-Grown Lessons: Innovative Programs Linking Work and High School.* 1994. Edward Pauly, Hilary Kopp, Joshua Haimson.

*Learning Through Work: Designing and Implementing Quality Worksite Learning for High School Students.* 1994. Susan Goldberger, Richard Kazis, Mary Kathleen O'Flanagan (all of Jobs for the Future).

## THE PARENTS' FAIR SHARE DEMONSTRATION

A demonstration aimed at reducing child poverty by increasing the job-holding, earnings, and child support payments of unemployed, noncustodial parents (usually fathers) of children receiving public assistance.

*Caring and Paying: What Fathers and Mothers Say About Child Support.* 1992. Frank Furstenberg, Jr., Kay Sherwood, Mercer Sullivan.

*Child Support Enforcement: A Case Study.* Working Paper. 1993. Dan Bloom.

*Matching Opportunities to Obligations: Lessons for Child Support Reform from the Parents' Fair Share Pilot Phase.* 1994. Dan Bloom, Kay Sherwood.

## THE NATIONAL JTPA STUDY

A study of 16 local programs under the Job Training Partnership Act (JTPA), the nation's job training system for low-income individuals.

*Implementing the National JTPA Study.* 1990. Fred Doolittle, Linda Traeger.

*The National JTPA Study: Site Characteristics and Participation Patterns.* 1993. James Kemple, Fred Doolittle, John Wallace.

*A Summary of the Design and Implementation of the National JTPA Study.* 1993. Fred Doolittle.

# About MDRC

The Manpower Demonstration Research Corporation (MDRC) is a nonprofit social policy research organization founded in 1974 and located in New York City and San Francisco. Its mission is to design and rigorously field-test promising education and employment-related programs aimed at improving the well-being of disadvantaged adults and youth, and to provide policymakers and practitioners with reliable evidence on the effectiveness of social programs. Through this work, and its technical assistance to program administrators, MDRC seeks to enhance the quality of public policies and programs. MDRC actively disseminates the results of its research through its publications and through interchange with policymakers, administrators, practitioners, and the public.

Over the past two decades – working in partnership with more than forty states, the federal government, scores of communities, and numerous private philanthropies – MDRC has developed and studied more than three dozen promising social policy initiatives.

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